SPRING BOOK ISSUE

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INQUIRY

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Setting the Airlines Free

by Sheldon Richman

Nat Hentoff on Celebrity Censorship

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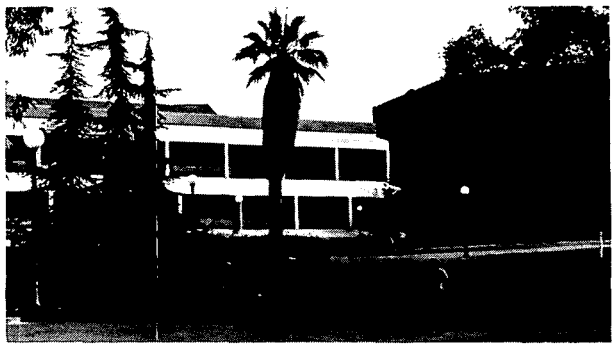

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INQUIRY

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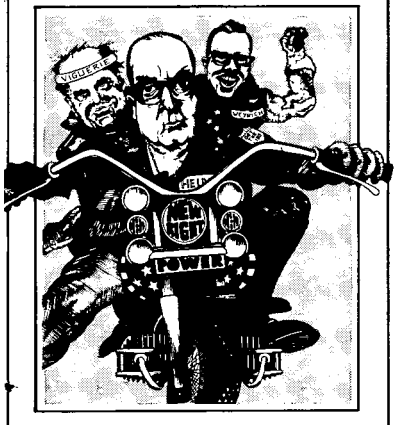

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Res Publica

Secretary Lewis jets to Mexico in search of productivity

■ For many Transportation Department employees, Transportation Secretary Drew Lewis said, "There's no sense of urgency, no compulsion to get something done. And, the motive seems to be to keep on the payroll, circulate as much paper as you can and not a great drive toward productivity.... If I had the time, I'd go to every department around here, including my own office, and get rid of 10 percent of the people, without any loss whatsoever in terms of our ability to serve the public...."

—*Washington Post,* March 9, 1982

■ Last October, Lewis and his wife, along with several other officials and wives, took Coast Guard I—a twelve-passenger, 500-mile-an-hour jet—from Washington to Los Angeles and Mexico and back. The itinerary in Mexico included...a sightseeing tour of the pyramids at Teotihuacan. The cost of operating the plane during the five-day jaunt: $31,246.88.

—*U.S. News & World Report,* March 15, 1982

That's funny, no one else did

■ [Former President Jimmy] Carter, whose memoirs will be published this fall, recalled that during one difficult period in the Camp David peace talks, [Anwar] Sadat told him: "I'll stay because I trust you...and I trust you because you're a Southerner."

—*Los Angeles Times,* May 2, 1982

Regantrak

■ Angry standees on Amtrak's 11:30 A.M. train [from Washington, D.C.] to New York yesterday were soon asking one another who was that administration official riding in back, keeping an entire eighty-eight-seat car for himself and five government companions. His name, they learned, was Regan, Treasury Secretary Donald T. Regan...

The Secret Service arranged a private car for security reasons, the department said, at the cost of six ordinary tickets, $32 each, the same price paid by the people standing and glaring back at the club-car serenity for Mr. Regan.

—*New York Times,* April 7, 1982

Stiff regulation

■ A few months ago, the [Federal Aviation Administration] decided that morticians who use their own planes to transport deceased customers must comply with regulations for commercial operations....

Under the old system, the flying morticians only had to have private pilots' licenses that required forty hours of cockpit time. Now they'll have to have commercial licenses, which require a minimum of 190 hours....

"A passenger is a passenger," says an FAA spokesman. "The pilot is getting paid to transport a passenger safely and that makes the pilot a commercial carrier."

—*Washington Post,* April 21, 1982

Old soldiers never die

■ When the Defense Department recently compared its computer list of veterans drawing monthly retirement checks with the [Veterans Administration's] list of recently deceased veterans, it discovered that 159 dead veterans were still being paid and cashing monthly checks. The Army had paid $570,000 to dead veterans....

—*Washington Post,* April 7, 1982

Reach out, reach out and tap someone

■ State and federal judges together granted 589 applications last year for telephone wiretaps and microphone and other electronic surveillance....

The most expensive state-authorized wiretap was for a narcotics investigation led by the Brooklyn District Attorney. It cost $240,000 and resulted in two arrests.

—*New York Times,* April 29, 1982

Moral Majority supports nuke freeze

■ The fear of nuclear war is being cited as a reason for some teenagers to engage in sexual activity, a Wisconsin sociologist-counselor said Monday....

[Professor Ray Short said] young people living under the threat of holocaust sometimes feel, "If I don't get sex now, I'll never know what it feels like."

—*Miami Herald,* April 20, 1982

Parc fo daol a tahw

■ A California state legislative committee is listening to rock music on the job—looking for subliminal messages recorded backwards onto record albums....

The committee listened Tuesday to several records, including Led Zeppelin's "Stairway to Heaven," checking for suspected backward messages referring to Satanic worship. They also heard testimony from neuroscientist William Yarroll, who said, "With backward masking, a teenager listening to this three times has stored it as truth."

Committee chairwoman Sally Tanner called the issue "exciting and interesting."...

—*Washington Post,* April 29, 1982

We buy it, except that bit about the elevators

■ Boston's city clerk says he deserves a disability pension of $28,000 a year because he's plagued with nightmares about City Council meetings going out of control and he fears the elevators at City Hall.

—*Washington Post,* April 7, 1982

They had good role models

■ Officials said that attitudes within the [Reagan] administration toward the ruling Argentine military junta had soured noticeably after each of Mr. Haig's two missions to Buenos Aires. Some members of the secretary's party were reported to have said at meetings that they had gained the impression that the Argentine junta was a "bunch of thugs," with no one clearly in charge and each trying to outdo the other in toughness.

—*New York Times,* April 25, 1982

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The politics of the freeze . . .

An All-American movement

Back last spring, presidential security adviser Richard Allen served at the vanguard of an administration attempt to assail and discredit "the outright pacifist sentiments which [were] surfacing abroad." Anti–nuclear weapons demonstrations had swept Europe, and were to culminate later that year in a Bonn rally of 300,000 persons who marched the streets, chanted slogans, and even-handedly bore effigies of both nuclear hawks, Brezhnev and Reagan. Allen decried this European "mood" and "malaise" and pooh-poohed the "advocacy of arms-control negotiations as a substitute for military strength." He even exhumed the "better red than dead" epithet in a bid to shame and cajole European leaders into acceding to new placements of the latest Pershing and cruise missiles in Germany and Britain.

No longer, however, is nuclear-arms protest just a foreign menace to be maligned in alternate swipes by the deputy powers that be—Allen, Haig, Weinberger, and company. Suddenly—and to these officials dismayingly—there is a flourishing nuclear-freeze movement in this country. It distinguishes itself from the European anti–nuclear weapons phenomenon (one largely composed of students) in that it is a wide-based, nonpartisan, grassroots effort that has sprung up simultaneously in small and large towns all across the United States, and which includes a multitude of ardent supporters who would not ordinarily call themselves activists. So far the movement has garnered millions of petition signatures for ballot initiatives at the local and state levels, 700,000 in California alone, thereby setting the stage for the equivalent of a nationwide referendum on the issue of a Soviet-American nuclear-arms freeze. As an indication of the momentum of this movement, polls show that Americans favor a freeze at a ratio of three to one.

The traditional right-wing response to any significant antinuclear pressure would have been to paint members of the movement as unwitting communist stooges, or even to hint darkly that they are actually organized and financed by the Kremlin. But those on the right who are paying attention to the national profreeze sentiment know better. A memorandum to the president from the Arms Control and Disarmament Agency (ACDA), which attempted to counsel Reagan on dealing with the freeze proponents, clearly identified who supports the movement. "While [it] includes such perennial elements as the old-line left, pacifists, the environmentalists, the disaffected left and various communist elements, there is participation, on an increasing scale in the U.S., of three groups whose potential impact should be cause for concern. They are the churches, the 'loyal' opposition, and, perhaps most important, the unpoliticized public."

Dealing with this latter group, the "unpoliticized public," is Reagan's greatest challenge. These people are mainstream America. The nuclear-freeze movement is an All-American product and thus presents special, perhaps unsolvable, problems for an All-American president and what he thought was an All-American quest for a larger nuclear arsenal. The ACDA memo went on to counsel Reagan to initiate an "immediate media campaign" against the freeze, to include seven days of public appearances by such reliable pronukers as the president himself, columnist George Will, Georgetown University professor William O'Brien, Catholic Bishop John O'Conner, Midge Decter of the Committee for a Free World, ACDA director Eugene Rostow, and others. As columnist Mary McGrory remarked on the memo, "That the president's men threw themselves with such vigor into a scenario for disarming a group they should have preempted suggests that they worry more about the freeze than about nuclear weapons."

But President Reagan chose to reject the specific suggestions of the memo, recognizing that a well-publicized opposition to the widely supported freeze could be politically disastrous. Instead, he sought to defuse the issue by seeming to agree with it while leaving his basic stance toward weapons unaltered. In an important speech at Eureka College, his alma mater, Reagan urged a one-third

SO, WHAT DO YOU WANT TO BE WHEN YOU GROW UP?
ALIVE... IF IT'S NOT TOO MUCH TROUBLE....
GROUND ZERO 1 MEGATON WARHEAD YOU ARE VAPORIZED
5 MILES YOU ARE COOKED
2 MILES YOU ARE VERY DEAD
ALBUQUERQUE JOURNAL

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cut in Soviet-American nuclear missiles over the next five to ten years, and called for "a new start toward a more peaceful, more secure world." Any prospect of slowing down, stopping, or reversing the arms race should be welcomed; but it should also be remembered that the fundamental component of the Reagan foreign policy has *always* been "to negotiate from a position of strength," to achieve such an overwhelming missile superiority over the Russians that they will come whimpering to us for arms reductions. This, in turn, is the same policy that over the past thirty-five years has strained our domestic economy and brought the planet closer and closer to nuclear devastation. Reagan gave no indication that he has budged from his five-year, $1.6 trillion commitment to the military, nor has he extracted himself from such boondoggles as the B-1 bomber (program estimate: $30-40 billion), which Defense Secretary Weinberger concedes will become obsolete in just five years. Reagan's position remains: first build, then cut.

Even so, the freeze movement has tied the right's hands politically, and has given the left plenty of problems as well. That the movement's momentum threatens to leave the left behind is illustrated by the June 12 peace-and-disarmament rally in Manhattan, scheduled to coincide with a special session of the United Nations General Assembly, and expected to draw hundreds of thousands of protesters. According to the *Village Voice*, local leftist organizers of the demonstration have been engaged in "vicious infighting" and have been "so busy battling one another they've barely had time to print fliers." The points of contention are whether or not the focus of the rally should be enlarged to include such long-time leftist war-whoop issues as racism and poverty, and whether or not support for the freeze should be solicited from the "unenlightened" middle class.

In some few areas of the country, freeze organizers have managed to tailor the language of the petitions to include these leftist concerns—and thereby to exclude mainstream support. In the District of Columbia, for example, an initiative petition that calls for the immediate negotiation of a nuclear-weapons freeze goes on to demand the "redirection of resources to jobs and human needs." Leftists consider the juxtaposition of such issues a coup, but so far their successes have been limited. They are right in grouping economic prosperity, civil liberties, and the weapons build-up all under the same umbrella—but for the wrong reason. Money is not being diverted from social programs to the war machine, nor should it work the other way around. The Welfare/Warfare State is one cohesive unit. All money is pinched from the collective pocketbook of net taxpayers—those who pay more in taxes than they receive in benefits—which is why the left will never be able to monopolize the freeze issue. They cannot refrain from alienating the middle class, and without this taxpaying class there would be no effective mass movement at all.

The nuclear-freeze movement has simply gotten too large too fast to be molded, manipulated, or extinguished by any outside group. It has transcended the left/right political paradigm and has left both these camps to watch from the sidelines. Government leaders have been put on notice worldwide that ordinary people not only have had their fill of nuclear madness, but also no longer trust their leaders to do their thinking for them on this vital issue. Best of all, the groundswell for the freeze indicates that perhaps mankind really does have a survival instinct—and that is heartening news indeed. ■

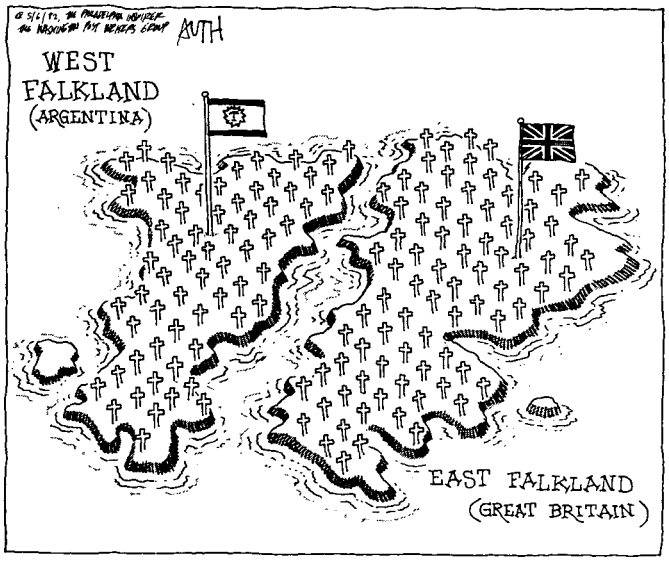
John Bull vs. Johnny Gaucho . . .

Tragedy in the South Atlantic

As the British fleet steamed south toward the Falkland Islands in April, a British friend of ours summed up the prevailing attitude toward the crisis: "I hope we thrash Johnny Gaucho so his ears will ring for a long time." Certainly, no one in the United States, apart from a scattering on the extreme right, has much sympathy for the Argentine government, and for good reason. General Galtieri and his gang have managed to forge a unique combination of brutality and ineptness. If Argentina were a baseball team, it would be owned by George Steinbrenner.

During the first month of the crisis, the self-caricature in the posturings of both the Argentines and the British made it difficult to take the Falklands situation all that seriously. The Gilbert and Sullivan patina wore off, however, when the bombings, the strafings, and the torpedo and missile attacks made it unmistakably clear that both countries were determined to spend considerable amounts, both in money and in human lives, over the tiny islands of rock and ice in the South Atlantic. We don't know what the final resolution of the conflict will be. But we do know that there are far more important issues of foreign policy at stake in the Falklands crisis than at first were evident with the visceral desire to "thrash Johnny Gaucho."

To disputes of this sort between governments, the most appropriate response is to establish whose rights have been violated, and then to favor a solution that would restore their rights without violating others'. Whose rights have been violated in the Falklands dispute? Certainly not those of the Argentine government. It is true that Argentines have regarded the islands as "theirs" for a century and a half, and that their contention has some basis in fact. According to a historical note that has received scant atten-



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tion, Argentina's short-lived control over the Falklands was ended in 1831 when a U.S. Navy crew, acting to protect American seal hunters on the islands, forcibly evicted a small Argentine colony and left the Falklands to be reclaimed by Britain. Had the United States not intervened, today's situation might be far different. Nevertheless, Argentina's claim is undermined by its junta's timing of the invasion to divert domestic attention from its failing economic policies.

Have Britain's rights been violated? Its case appears stronger than Argentina's, since its possession of the islands predates the brief period of Argentine rule and has continued unbroken from the 1830s. Yet the invasion in no way imperils Britain itself, nor is it clear that Britain has "rights" in the Falklands that supersede the rights of the individuals who actually live there. In the recent past, Britain has made mumbled acknowledgment of the Falklanders' rights but has done conspicuously little to protect them, even denying British citizenship to the residents. Perhaps hoping that, in time, it can find a way to exploit the oil reserves in the area for itself, it has dragged its imperial heels on the subject of real self-determination for the inhabitants.

No, the only rights that truly have been violated are those of the people of the Falklands, who should enjoy the unconditional right to determine their own form of government and live in peace. The Argentine invasion offers the Falklanders little hope for freedom, yet Britain's military response at best promises a return to the status quo. And if one innocent Falklander is killed in the course of the fighting, then the cause of individual rights will have been moved backward, not forward.

Given this analysis, the safest and most appropriate response of the United States government would have been to refrain from taking sides—neither taking one particular side nor, as was attempted in the early weeks of the crisis, taking *both* sides. If there were those in the Pentagon who were more than a little interested in observing a real war, complete with submarines, aircraft carriers, and fighter planes that can jump into the air like helicopters, the attempt to mediate the dispute must have been frustrating. It certainly accomplished little else. The evenhanded, "they're both our friends" approach turned out to be futile, but the subsequent decision to back Britain with military aid and to impose economic sanctions on Argentina brought on a new element of risk.

To begin with, barriers to free trade are always self-defeating in that they primarily harm individual consumers on both sides who would otherwise benefit from the free exchange of goods, while they only incidentally harm the governments involved. In the case of Argentina, it makes little sense for an administration determined to keep communist influence out of Latin America to push the shaky Argentine government further toward an already growing friendship with the Soviet Union, a prime customer for Argentine grain.

A far more serious consequence of the U.S. position is the prospect, as unlikely as it seems at this time, of direct military involvement in the dispute. Admittedly, the chance of Americans actually participating in an Anglo-Argentine shooting war is tiny—yet it is greater now than if the United States had done nothing, and international conflicts in the past have escalated over incidents every bit as seemingly trivial as the Falklands invasion.

Britain's supporters have pointed out that the Argentine government is a repressive dictatorship while Britain is a relatively free democracy, that Argentina's invasion of the Falklands was a totally inexcusable act of aggression, that the Falklanders themselves would be better off under Britain rather than under Argentina, and that, given a choice between the two, the Falklanders would choose Britain. We agree with all of these assertions—but it does not follow from them that the appropriate course of action is war, or that the United States should take positive steps to support a particular side in the war. In fact, we uphold the opposite position: that the *least* appropriate course of action is war, and that the least appropriate policy for the United States is any involvement in it.

It should be remembered what "thrashing Johnny Gaucho"—or John Bull for that matter—really means. It means that individual soldiers, acting in accordance with orders from their governments, load bullets, bombs, missiles, and torpedoes into their weapons, take aim, fire, and kill other soldiers and perhaps civilians. It is nothing to cheer about. It is nothing to get involved with. It is something for the parties at stake to end peacefully, as quickly as possible. The prospect of true self-determination for the Falklands—the only just solution—may appear remote under Britain and more remote under Argentina. But so long as weapons are firing and men are dying, there is no prospect at all. ■

SHORT TAKES . . .

The one-and-a-half-point spread

■ **IF YOU'VE BEEN WONDERING HOW** much difference there is between liberals and conservatives, the answer is 1.5 percent, at least so far as military spending is concerned. President Reagan's military budget for the next five years calls for postinflation increases of 8 percent per year. But along comes the liberal Brookings Institution onto the field of battle with its annual publication on the federal budget, *Setting National Priorities*. Amid much hoopla, fanfare, and condemnation of the conservative program, Brookings calls for increases of 6.5 percent per year.

Can it be that the entire establishment debate over military spending turns on a 1.5 percent difference in the increase each year? Apparently so. Yet insufficiently noticed in the shadow of this epic struggle was the suggestion of *INQUIRY*'s contributing editor Earl C. Ravenal, a professor of international relations at Georgetown, in a policy analysis prepared for the libertarian-oriented Cato Institute. Challenging the interventionist assumptions behind establishment military spending policies, liberal and conservative, Ravenal pointed out that half of the present military budget, $129 billion, goes to defend nations of Western Europe. At current rates of increase (the conservative pro-

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jection), we'll be spending about 4.5 *trillion* on defense by 1992, half of that for Western Europe. Under the Brookings scenario, we'd be spending slightly less. But by reevaluating our foreign policy and defense assumptions and leaving Western Europe to defend itself—something which it certainly has the resources to do—we could cut our military spending in half, even if we left everything else in the defense budget intact.

■ **WHERE TO PUT THE MX? WE THOUGHT** the defense planners' imaginations were limited to schemes like race tracks in the desert, superhardened concrete silos, or "Big Bird" airplanes carrying the multi-warhead missile.

But according to *Science* magazine, our defense planners are currently spending $150 million to study "deep underground missile basing" (that's right—DUMB). We would store nuclear missiles, crews, and tunneling machines, such as those used to dig subways, far below the surface of the earth. After an all-out Soviet air attack, which would presumably devastate the surface but cause no harm to the men and missiles below, the crews would start up their generators and bore through the rock and rubble all the way to the surface, then aim and fire at the last vestiges of life in the Soviet Union.

At least nine previous Air Force studies have concluded that this scheme is every bit as harebrained as it sounds. But never mind; it appeals to Secretary of Defense Caspar Weinberger, who apparently thinks the doomsday mode of DUMB is pretty smart. Plans are now afoot to test the $100 million-per-missile concept later this year in Nevada.

■ **MEN OCCASIONALLY BITE DOGS, AND** federal regulatory agencies occasionally choose not to regulate. In March it was the Federal Communications Commission that put a seven-year-old dispute out of its misery by deciding that radio listeners could have AM stereo without its help and declining to anoint one of four competing stereo systems as *the* official system to be used on the government's airwaves. The decision was a disappointment to three of the four competitors—Harris Corporation, Motorola, and Magnavox—all of whom lobbied the FCC to choose its system and exclude the others. The fourth competitor, Kahn Communications, had initially developed the new technology and had said all along that free-market competition was all it ever wanted. As we pointed out nearly a year and a half ago ["Playing Monopoly at the FCC," Dec. 29, 1980], radio listeners could have had AM stereo as far back as 1975 had it not been for the complaints of the favor seekers and the foot-dragging of the FCC.

■ **SOME 800 NONPROFIT INSTITUTIONS** and local governments, including the state of Alaska and the Washington, D.C., Hospital Center, have filed notice with the federal government of their intent to withdraw from the social security system during the coming year—an option they have under present law. An employee-benefit consultant explained that "many hospital administrators believe that social security is going bankrupt" and that "the social security tax has become a growing burden on payroll costs, and many now feel that hospitals can provide comparable benefits for less than they are currently paying for social security benefits." Federal employees, of course, are already exempt from social security.

The standard response of most politicians to this trend is to demand that social security become universal (well, except maybe for federal employees), and that local governments and nonprofit institutions be forced back into the system. We suggest a 180-degree opposite approach: Give everyone a choice. Let us all have the option of withdrawing from social security if we think we can get a better deal elsewhere.

■ **BECOMING MORE POLITICALLY ACTIVE,** former president Jimmy Carter spoke at a recent Montgomery County, Maryland, fundraiser where 130 people paid $50 each to have cocktails with him. Meanwhile, in Orange County, California, 200 people paid $500 each to have drinks with former president Richard Nixon.

We're not sure what all this means, but we wouldn't feel too pleased if we were Jimmy Carter. ■

Our new look . . .

To our readers

INQUIRY has made some significant changes, beginning with this issue.

Our frequency has changed from twenty issues per year of thirty-six pages each, to twelve issues—one per month—of a minimum of forty-eight pages each. All current subscribers will receive the number of remaining months of *INQUIRY* to which they are entitled, plus one additional month.

Our appearance has changed, mainly in response to an increasingly pressing need to cut costs. We were all fond of the former design; but we also think that Art Director Marty Anderson has done a fine job adapting to changing circumstances and creating a new look. We think you'll appreciate, for example, the appearance of our book and film review section, for which Senior Editor Ralph Raico, who has been with us since the beginning, will continue his high-quality work.

Finally, there will be a gentle but perceptible shift in the emphasis of many of *INQUIRY*'s columns and features. With the departure of Glenn Garvin, who is taking his considerable talents back to the field of journalistic reporting, *INQUIRY* under new Editor Doug Bandow will be devoting proportionately more attention to analyses of important issues and events—to examining the fundamental principles that underlie politics and policies, and to offering our own set of alternative programs.

We have added to our masthead the words "a libertarian review" to affirm unambiguously our continuing commitment to human liberty and justice based on an understanding of and respect for individual rights. Today, governments and those who seek government's coercive power systematically violate individual rights in a wide variety of ways. In such a world, we feel there is a place for a magazine of political opinion that combines unabashed idealism with practical explorations of new solutions to social problems. There are those at all points of the conventional political spectrum who are reluctant and even afraid to consider such ideas. But for our readers, who are not, we use this point of change to reconfirm *INQUIRY*'s convictions and purpose.

—Chris Hocker

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Letters

The 18 percent solution?

It is with David Boaz's last sentence we quarrel most ["How to *Really* Cut the Budget," April 12, 1982]. No one with access to the facts would accept "Federal employees make about 30 percent more than private-sector employees . . ." without challenging him immediately. When one compares wages, one must compare *counterpart* wages; that is, wages for the same kind of work *in* the government and *outside* of it. Very careful comparisons, by experts in the field, are made in this matter every year because federal law calls for counterpart wages in the federal and private sectors to be comparable, and adjusted annually. The present administration—no friend of the federal civil service, Lord knows—has admitted publicly that the 1982 comparability increase should be 18 percent.

James M. Peirce
President
National Federation of Federal Employees
Washington, D.C.

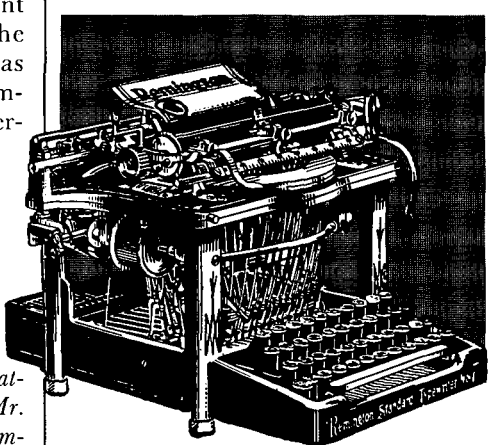
BOAZ *replies:*

Hell hath no fury like a bureaucrat threatened with a slowing of the gravy train. Mr. Peirce well knows that the government's comparability studies are based on a select group of the highest-paid private-sector workers. Perhaps he is really suggesting that government employees ought to be an elite, highly paid group. In any case, federal employees make some 30 percent more than private-sector workers and 58 percent more than state and local government employees (up from 33 percent in 1960), and there are millions of applications every year for federal jobs, so it would hardly appear that federal employment is underpaid.

Blitz the blue-eyed

In the past, Nat Hentoff has demonstrated himself to be a zealous defender of the freedom of expression. However, in his column of April 26 ["Blitzing the Blitzes"], he has failed to distinguish between an active penalty and a passive penalty. While violators of the Smith Act were imprisoned by their government on the basis of unpopular advocacy (clearly an intolerable abridgment of human liberty), the Blitz amendment merely withholds federal largesse. There is a fundamental difference between the government's doing something to you and its declining to do something for you. Incarceration is coercive; participation in welfare programs is voluntary.

We should applaud the Blitz amendment as a very small step in the right direction, and advocate its extension to exclude blue-eyed individuals, people with thumbs, and any other broad class of recipients on however



arbitrary grounds, since restricting access to the federal trough, and eventually dismantling the trough altogether, will measurably improve the lot of individual taxpayers and of the national economy in general.

Lawrence G. Knight
Corvallis, Ore.

In defense of grand juries

I have just read Ms. C. R. Anderson's article ["Inside a Federal Grand Jury," April 26]. The most striking thing I find in the article is her naive disappointment that when she started out to do a public duty, she found it to be less than exhilarating.

The grand jury system, with the shortcomings she pointed out, is still preferable to the information system. In jurisdictions where informations are filed, they are still filed at the will of the prosecutor, and thus the defendant still has to stand trial on the criminal charge.

The advantage to the grand jury system is that a good prosecutor gets rid of bad cases and distasteful cases by taking something less than good facts before the grand jury, and manipulating the jury into refusing a true bill. The prosecutor can then go back to the particular federal bureau or agency which is seeking an indictment and inform that agency chief the grand jury refused to indict and therefore nothing more can be done.

The Bill of Rights is essentially designed to hamstring government, and because of that, it is government employees who have a vested interest in doing away with the Bill of Rights. The prosecutor is nothing more than the attorney for the government employees, and he must please his clients. Leaving the grand jury system intact at least gives an honest prosecutor a chance to dive out from under some of the idiotic criminal charges various bureaucrats in the federal system wish to bring against various defendants.

If an information system were used to replace the grand jury system, there would be even more federal prosecution on even more wild theories of criminal liability which the various agencies of the federal government might think up.

It is my feeling that if a federal prosecutor wishes to indict a particular individual, he can under any circumstances whether it is grand jury or information, but if he wishes not to indict a person, he at least has a way out without offending his client.

Doug Owens
Anacortes, Wash.

It Really Steals

You are quite correct about the government using euphemisms to cover up its coercive activities ["Death, taxes, and euphemisms," April 26], but you failed to mention the biggest euphemism of them all—namely that the IRS has the gall to call itself a "service."

Timothy E. Peterman
Kansas City, Mo.

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First Amendment

Celebrity censorship

NAT HENTOFF

AT A JUNIOR HIGH school assembly in a New York suburb, the lively scholars were becoming increasingly puzzled at my tales of the First Amendment in constant peril.

"The First Amendment seems clear enough," a student said, shaking her head. "And it's certainly short enough. So why are people always fighting over what it says?"

I told her that Justice Hugo Black used to ask the same question. He would rap on his desk, point to the small blue paper-covered copy of the Constitution that was always at hand, and say, "There are no ifs, ands, or buts in that language. It doesn't say, for instance, there shall be no law abridging the freedom of the press *except* for libel. There are no exceptions."

"So what happened?" the girl asked.

"Judges happened," I told her. "Judges have chosen to make exceptions, and that's why"—I held up a copy of the *Media Law Reporter*—"this fat little publication comes out every week reporting only, and copiously, about First Amendment battles throughout the country."

Each week, as I showed the students, the diligent *Media Law Reporter* covers First Amendment court decisions as well as actions by legislatures and executive branches of government throughout the land that bear particularly on freedom of the press. I rather suspect that James Madison and Thomas Jefferson would be appalled at this ceaseless flood of qualifications and obfuscations concerning the mere forty-five words that make up the first and foremost item in the Bill of Rights.

And while it is true that judges are not the only cooks spoiling the Founders' broth, they're the ones who create the most exceptions to the First Amendment because sooner or later nearly all conflicts about the "true" meaning of free speech are resolved by a court. At least until a higher court tips the First Amendment in yet another direction.

A classic case of judge-made confusion about free speech has to do with a man named George Koch who belongs to a very prestigious spa, the Congressional Country Club in Maryland. I told the junior high schoolers about Koch's free-speech troubles, but I do not think they believed me. Several said to me afterwards that it was just too silly to be true. They themselves have not, of course, had any experience yet with our courts, and so these adolescents have no idea of the boundless and costly sillinesses ahead of them.

Koch thought he had reason to believe that the management of his country club was fooling around with the payroll records—short paychecks, inaccurate entries on payroll records, etc. The accused management, however, refused to let him look at the books, so Koch sued to inspect the country club's records.

In view of the renown of many of the club's members—congressmen, judges, corporate lawyers, and other shapers of our destiny—the press was quite interested in Koch's suit against this seat of the mighty. And he himself was not disinclined to talk to reporters. Seeing interviews with Koch in print so infuriated the judge sitting on the case, however, that he denied Koch's petition to inspect the country club's records—primarily because Koch had sought to "further his cause through widespread dissemination of the case to the media."

As Hugo Black might well have asked, where does it say in the First Amendment that a litigant cannot talk to the press? After all, no judicial "gag order" had been imposed on Koch, because the judge had no constitutional authority to do any such thing in this civil suit. But Koch was punished anyway—for engaging in free speech.

Koch appealed the decision, and in an *amicus* brief the Reporters Committee for Freedom of the Press made an all too obvious point that escaped the lower-court judge: "The freedom to discuss the operations of the courts is not only enjoyed by the public generally, but the participants in judicial proceedings as well. Indeed, the participants are uniquely situated to provide the public and the press with the most valuable insight into pending judicial matters." Koch won his appeal, but on technical grounds. The higher court avoided the First Amendment issue entirely.

Judges who have trouble reading eighteenth-century prose, no matter how lucent, have many eager allies among the laity in diluting and endangering those mere forty-five words. Especially among the elite laity. Consider the resplendent Jane Fonda. When I met with those junior high school students, many of them had just seen Norman Lear's two-hour grand cotillion, "I Love Liberty," on the ABC television network. An array of stars of the liberal persuasion, this production was intended to show the populace that Jerry Falwell and his troops do not have a monopoly on patriotism—or on didacticism. Fonda's climactic role was to read the words of the First Amendment, and she did so with ardent, indeed incandescent, conviction.

Yet, the week after her appearance as the paladin of free speech and press, Fonda tried to suppress a book. When I broke the news to the junior high schoolers, they were dismayed. How could so brightly burning a star—who has often spoken of the First Amendment as if it were enshrined in her very home—do such a thing as to strive to prevent the publication of a book? Because the book was about her, and it was not authorized.

As it happens, Jane Fonda went to Vassar, and some professor there must have told her that most biographies are not authorized. Otherwise, all we would have are lives of saints. Nonetheless, Fonda had her lawyer write a letter to Doubleday, which was about to issue *Jane Fonda: The Actress in Her Time*. The author is Fred Guiles, who teaches film history at Franklin and Marshall College in Pennsylvania. His biography is quite approving of Miss Fonda. Cloyingly so, if you ask me. But he hadn't asked Fonda's permission to write about her—so she decided to smite him and his publisher.

NAT HENTOFF writes a monthly column on civil liberties for INQUIRY. His books include The First Freedom: A Tumultuous History of Free Speech in America.

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Fonda's attorney warned Doubleday of "imminent legal action" if that publishing firm did not "desist" from any future sales of the Fonda biography. This Guiles person, said the lawyer accusatorily, had used Jane Fonda's "name, likeness, and other rights... totally without consent."

CONSIDER THE IMPLICATIONS of this particular assault on the First Amendment by the woman who had thrilled the nation with her performance of those forty-five words. What if Seymour Hersh first had to get Henry Kissinger's consent before he wrote his forthcoming book on the statesman and wiretapper? Or suppose that at some point a writer desires to attempt a biography of the preeminent soft-shoe dancer of our time. Must he get William F. Buckley's permission before he can proceed?

Unconcerned with such questions, Fonda and her attorney grimly proceeded. In that letter to Doubleday, the demand was made that all copies of the book currently in print (the first printing was 15,000) be surrendered bodily to Fonda's attorney. Once carried into his office, they would presumably be taken into custody and summarily disposed of. No last words.

Fonda's attorney warned Doubleday of 'imminent legal action' if it did not 'desist' from future sales of the Fonda biography.

Then came Jane Fonda's truly unique contribution to the annals of assault-and-battery on the First Amendment. Her lawyer's letter warned that if Doubleday did not surrender those books, and did not pledge to keep *Jane Fonda: The Actress in Her Time* from ever emerging into the light, "We intend to hold any publication which carries advertising for your book strictly accountable for its conduct."

There is something quite regal in the imperiousness of this ukase. According to a number of First Amendment lawyers I consulted, no one trying to destroy a book has deployed such advanced weaponry before. Should Doubleday go ahead and publish this biography—and it has done just that—advertising promotion for the book could be seriously curtailed, if not stopped entirely, if Fonda actually carries out her threat. In view of the costs and other annoyances of court actions, most newspapers or magazines are likely to forgo the minor revenue of an ad for Guiles's book in return for the serenity of not being sued by Fonda for running that ad.

Doubleday reacted to the letter with forthright disdain. Speaking to *Publisher's Weekly*, a spokesman for the firm said: "It's not as if we're trying to sell T-shirts with her name and face on them. We feel we are fully protected in this case as we have been in all unauthorized biographies we have published in the past. Under the First Amendment, we have the right to comment on a public figure, and ancillary to that is the right to publish that comment."

I should hope so. Otherwise, as in *Fahrenheit 451*, we shall have to wander about, committing the First Amendment to memory, until some happier time when anyone who chooses can write a biography of Jane Fonda without asking anybody, not even Tom Hayden.

To Fonda's lawyer himself, Doubleday said, in effect, knock it off. Not only is this biography going to be published, but as for Fonda's threatening to gun down anybody who accepts an ad for the book, Doubleday assured her that *she* would be sued for "interference with our business and our contractual relationships" if she goes ahead and tries to cut off advertising for the Guiles biography.

Fonda has yet to take any court action. The preliminary stage of her campaign against the book has failed. She was not able to frighten the publisher into exercising prior restraint. But even if she does not sue, Fonda has done her star bit toward chilling the climate of expression. She has not, for instance, rescinded her threat to punish periodicals that take ads for the book. And she has made the generally litigious aura in the publishing business worse. (You don't have to actually sue to make people in the book trade nervous.)

Another passionate friend of liberty, Susan Sontag—a fixed star of the literary firmament—has also been undermining the First Amendment of late. On February 6 of this year, Sontag, among others, spoke at a Town Hall, New York, rally in support of the besieged members of Solidarity in Poland. Sontag made most of the news that night because of her thunderous denunciation of communism and of those on the left who have been slow to understand that it has no redeeming qualities whatsoever.

I don't know why the speech, which included nothing that Arthur Koestler had not said much more compellingly many years before, created such a stir. But it did. And the *Soho News*, a small weekly newspaper, published 90 percent of the text of Sontag's address.

She promptly sued Soho for $50,000 in damages. She had not given her permission for that "dreadful" little paper, as she called it, to print her speech. Thereby, this ragamuffin of a newspaper had infringed her exclusive rights as copyright owner of her ode to pure liberty.

Sontag, it turned out, was infuriated because she had wanted her speech to appear on the op-ed page of the *New York Times*. (So much tonier a location than *Soho*.) And she thought that *Soho*'s publication of the talk was the reason the *Times* had turned it down. In truth, as Charlotte Curtis, who is in charge of the *Times*' op-ed page, told Alexander Cockburn of the *Village Voice*, she turned down the Sontag piece as soon as she saw it. Why? "Because it added so little."

Anyway, Sontag wanted control of her speech. And why not? She wrote it,

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so why shouldn't she sue *Soho* for appropriating it?

Well, that solidarity evening at Town Hall was a news event, and was covered as such. Therefore, according to most First Amendment lawyers I've asked, the basic issue here is not copyright law but the right of any newspaper or broadcaster to report what Sontag said that night as news.

Here was Sontag—as fervent a votary of liberty as Fonda had been on the Norman Lear show—giving a speech in a public forum about a public issue. She gave that speech with an intent to persuade, and therefore must have fully expected that her liberating words would be reported to those unfortunate souls who were unable to be at Town Hall that night. *All* of her words? If a newspaper or a broadcaster considered all of her words newsworthy, why not? An editor at the *New York Times* said, not for attribution, that if he had decided to print the speech in full as a news event, he never would have considered asking Sontag's permission.

Again, this was a public forum to which the press had vigorously, insistently been invited.

In her court papers, Sontag sounded very much like Jane Fonda in demanding the "impoundment" of all copies of the *Soho News* containing her speech. It had been a speech against the suppression of ideas, newspapers, and books in Poland and elsewhere under communism, but here was Sontag insisting that these copies of the *Soho News* be taken into custody.

Soon after she brought her court action, *Soho News* expired. But Sontag's desire for vengeance did not. After all, the parent company still exists, and there was a *Soho* insurance policy for these matters—which was still in force, even after the plucky weekly's death.

THE DANGER OF SONTAG'S incursion into the First Amendment is that the law so far is not settled concerning the conflict between copyright claims and newspapers' First Amendment rights to report the news, including speeches. As one constitutional lawyer says, "I very much hope this doesn't go to trial because I'm fearful of having a federal judge draw a line, in this sort of case, between the First Amendment and copyright law. The line would have to be surgically precise to avoid doing all kinds of mischief to newspapers, but how many judges can be that precise, without cutting into what we've always been able to print up to now?"

If a judge, for instance, finds in Sontag's favor, the resultant encouragement to litigious public figures, who are already legion, will so inhibit some newspapers that they may never again run a substantial portion of a public speech, no matter how newsworthy. So much for the public's right to know. Other papers (the brave and the foolhardy) may decide to chance it anyway. But if the line the judge draws is not specific to the inch—and it's unlikely to be—those papers will indeed be vulnerable to lawsuits. And if some of those papers are surviving only marginally, a future Sontag could sink them.

A First Amendment lawyer who has been watching this case closely told me, "I keep expecting Sontag to drop it and avoid all the potential damage she could do. *Soho* is dead, for God's sake. What does she want to do, dance on the corpse?"

Ah, but Sontag, like Fonda, is unswervingly devoted to freedom—particularly her freedom to punish, through the courts, those who would use their freedom in ways of which she thumpingly disapproves. As I told those junior high school kids, watch those folks who swear they are the very best friends the First Amendment ever had. Don't watch what they say. Watch what they do. ■

WORLDVIEW

These are the times that try men's souls.

Clearly, Thomas Paine understood the nature of international affairs—the ambivalence, ambiguity, confusion. And just as clearly, what was said of 1776 can be said of 1980. Whether the revolution is in America or Nicaragua, thinking men and women must strive to evaluate, to understand, and, ultimately, to decide.

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Politics

Block-busting, government style

DENNIS CAUCHON

NEWMARKET, NEW Hampshire, was a small but booming town eighty years ago. Hundreds of workers had migrated there from French-speaking Canada to work in the Newmarket Manufacturing Company's new mill. That five-story gray structure still dominates this industrial town of 4300, stretching several hundred yards along Main Street from the Fraternal Order of Eagles club to Town Hall.

In 1929 Newmarket Manufacturing left town, and then the Depression hit, leaving the town's residents with an empty mill and no work. A group of local residents pooled their money and bought the mills. Slowly, and steadily, the mills filled up again with shoe shops, box companies, and other small businesses. Today, Newmarket's residents are once again employed in the mill buildings; business is diversified and employment has remained steady despite the recession, primarily because of a prospering boot company next to Town Hall. The townspeople, with their streak of New Hampshire independence, take pride in having pulled together to make their community a success.

But the news of Newmarket's revival apparently never made it to Washington, D.C., where bureaucrats at Housing and Urban Development (HUD) see the former mill town as a likely welfare case. These officials have targeted Newmarket to receive some of the largesse—totaling several billion dollars a year—that the federal government gives away to help local communities rehabilitate old housing stock, upgrade water and sewer systems, and the like. This year HUD's Community Development Block Grant program moved $3.45 billion from the pockets of taxpayers into the hands of people who the government determined were more in need of it: construction company owners, landlords, armies of consultants, and several thousand local administrators. And while these needy people were prospering, the low- and moderate-income people the program was designed to help had their rents raised, their housing choices restricted, and their privacy invaded.

In July 1980 Newmarket received a $400,000 eighteen-month Community Development Grant—including funds to pay two administrators—following a successful application by the town's three selectmen. HUD made the award because the townspeople weren't wealthy (shoe shops and mills have never paid too well) and because the houses were old (though not necessarily in disrepair) and crowded together (all the better for the locals to walk to church and to work in pre-automobile days). Funny thing was, most Newmarket residents didn't even know they needed the money. Eight months into the program, only fifteen of the forty-five eligible house owners had even applied for renovation funds. Only after sending everyone in the targeted area three letters, and going door-to-door, were the two grant administrators finally able to spend the money. "The response hasn't been very good," acknowledged Craig Wheeler, the program's housing rehabilitation specialist in Newmarket, at the time. "There's been a lot of confusion about the program. A fair percentage of the townspeople are convinced our purpose is to put them into indenture or slavery for life."

Slavery is too strong a word, but the Community Development program has encroached on the lives of people not just in Newmarket but in all 2522 towns and cities where the grants were spent last year. In New Hampshire, though, which has a strong tradition of distrusting government, the new federal intrusions have met a special gust of antipathy. Washington's penchant for elaborate income-transfer schemes and social engineering finds little support among the citizens of that state. Indeed, the poorer, rural people of New Hampshire are the ones most vehemently opposed to such programs. "There's a lot of animosity here to the federal government," says Susan Nichols, Newmarket's Community Development Grant coordinator of the only state that has never had either a sales tax or an income tax.

Nichols speaks from direct experience, for the people of Newmarket have also fought interference by the feds. Their HUD grant, even though it included $60,000 for administrative expenses, added enough work to town government that a proposal was resurrected to hire an $18,000-a-year town manager. This move toward "big government" was soundly defeated at a town meeting. "If people ever thought any more tax money had to be appropriated, they'd vote it [the grant] down," admits JoAnne Hauschel, a selectman and strong supporter of the grant. The townspeople only accepted the grant, she says, because "we tell them you're getting this money that's already there and if you don't take it someone else will."

IN OTHER WAYS, HOWEVER, town residents could not vote down the harm the grant would do them. Tenants in buildings targeted for renovation had their rents raised so their landlords could pay off the low-interest loans they had incurred. A typical $7000 loan, Nichols says, would increase the rent by $30 a month. When a two-bedroom apartment goes for $225 a month or less, that increase of nearly 15 percent can significantly affect the way people spend their money. By encouraging landlords to improve the quality of housing *and* raise rents, the federal government doesn't give low-income people any new choices in housing. If the tenants wanted to spend that extra $30 a month on better housing, they could have moved in to more costly apartments, which are readily available. In effect, the government is denying low-cost housing to people who need it most. It forces people to spend more on housing than they want to, and less on goods—like food, education, or movies—they consider more important.

In addition to paying higher rents, the tenants are required to reveal their income so their landlords can obtain a low-interest loan; the poorer the tenant, the better the terms for the landlord. "People are very resentful

DENNIS CAUCHON is INQUIRY's librarian. *This article was funded by the Sabre Foundation.*

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when we ask what their income is. People get very uptight about that," says Nichols. "Sometimes they'll come in waving their (income tax) forms and their pay stubs in their hand and they won't show them, or they'll say they're at home." What happens if a person is intent on keeping his or her income private? "A couple of times we've asked their employer, sometimes a lot of convincing will do it, or we won't fix up their apartment." The Community Development program is immune to the notion that poor people might want to keep their income to themselves or that residents of a small town might not want to register their salary at Town Hall. The program is based on the principle that poor people are supposed to cede part of their privacy for their own good—and that of their landlord.

Yet another major intrusion of the program into people's lives is the Community Development offices' use of eminent domain to seize the property of those who don't conform to the government's plan of how a town should be restructured. In Littleton, New Hampshire, for example, seven homeowners and businesses were removed from their property so the Community Development office could put in a park, a parking lot, and a through street. Four of the seven resisted, according to Linda Clark, director of the program. One man is still fighting, she says, but "the others eventually settled" for the estimated worth of their property plus a bonus for not insisting on a court battle. Frederic Fletcher, who is still resisting the removal of his business, has been offered $20,000 less than his appraiser says it is worth. These seizures are not isolated examples. One-sixth of all block-grant money is used for land acquisition and clearance, according to HUD.

Despite these examples of government heavy-handedness, Newmarket's Craig Wheeler thinks the townspeople's concern over becoming "indentured" is "all very wrong, of course. An awful lot of the population feel this way, but they just don't have the facts." Newmarket's Community Development office stepped up its efforts to give the people of Newmarket the facts. And it was successful by the government's standards. In the end, 75 percent of the apartments in the target area were improved and all of the grant money was spent. Many of the improvements in the town are noticeable, like new sidewalks, benches near a government-subsidized old folks' home, and the vent at the Main Street laundromat, which now blows into a parking lot on the right side rather than a house on the left. (No one has bothered to explain why it is the federal government's job to change the venting system of a laundromat in Newmarket, New Hampshire.) On the inside, some houses have been made more energy-efficient and brought closer to building-code standards (though Wheeler admits that housing codes are so unrealistic "100 percent of the houses are in some sort of code violation").

Wheeler and Nichols put in long hours making sure the money was used as effectively as possible. They were novices, on their first Community Development job, and are an exception to the rule. "Most Community Development staffs are experienced and I think that may be one of their problems," says Nichols. "People find out how to get away with things." Nichols says the experienced Community Development bureaucrat often goes to worthless conferences where "you just sit there and it's a day off." Phone calls by *INQUIRY* to ten different offices during the past year produced "out of town" responses half the time, sometimes with entire staffs away at conferences.

Kenneth Ortman is a good example of how a veteran Community Development director runs the operation. Now in his third director's job, at Rochester, New Hampshire, Ortman got his first experience in the program in Indiana. Then he went to Exeter, New Hampshire, an affluent town where the well-known prep school Phillips-Exeter Academy is located. Ortman came nowhere close to meeting the goals of the program there. In May 1980 the town was awarded a fifteen-month grant for $364,000. It expired in August 1981, and even today $70,000 remains unspent. The grant application set a goal of fixing up fifty houses and apartments. In reality, only twenty-six were completed, and five more are still in the works. Ortman has since moved on to Rochester, to administer a $1 million program spread over three years. Rochester's first $400,000 tranche became available in July 1981. So far renovation has begun on only two houses, and none has been completed. Ortman says about 120 applications for money are "in the pipeline," but despite his having a larger staff than Newmarket, for the same size grant, the process just crawls along. Taxpayers might have cause to rejoice if this sort of inefficiency simply brought the program to a grinding halt. But the bureaucrats funded by HUD always eventually find ways to spend the money, and more is always coming down the pipeline. During the next two years, Rochester will receive another $600,000, despite having been as yet unable to spend its initial grant.

Though the Community Development Block Grants program has been fraught with mismanagement and corruption, its funding is scheduled to remain at $3.45 billion annually.

NEW HAMPSHIRE ILLUS- trates in microcosm the effects nationwide of Community Development Block Grants. Since the program was created in 1974 from the remains of the urban renewal programs, more than $23.1 billion has been appropriated to upgrade housing and other facilities in towns and cities around the country. Though the program has been fraught with corruption, mismanagement, and above all the type of intervention into the free market that President Reagan says he abhors, Community Development funding is scheduled to remain at $3.45 billion annually for the next three years. It may even rise if the interim report of the President's Commission on Housing is accepted. The commission says the Community Development program has "proven effectiveness" and therefore should be expanded to include "one of the few housing-related activities not now permitted," that is, funding of *new* housing construction. Opening a new ave-

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nue for government spending will inevitably bring pressures to increase the total sum of spending. Even if Reagan succeeds in holding the lid on the block-grants program, the chances are that a new, more liberal administration—or even a Congress emboldened by Republican losses in 1982—would let loose the money where the authority to spend it exists.

Billions of Community Development dollars have been spent and billions more will be in the years to come. There is, however, little or no evidence that all this money has had any significant effect on improving housing. The quality of housing has consistently improved by every measure since 1940, long before the government started sinking massive amounts of money into it. In 1940, 48 percent of all dwellings were considered substandard (dilapidated or lacking plumbing); by 1974, when the Community Development program began, the number had fallen to 5 percent. In 1940 an average dwelling housed 4.3 people; in 1974 it was 2.7. In 1940 there were fewer than 1.5 rooms for the average person; by 1974 there were more than two. The percentage of people living in overcrowded housing (more than one person per room) declined from 20 percent of all households to 6 percent. The drop in "severe overcrowding" (1.5 people per room) has declined even more drastically, from 9 percent to 1.5 percent. Since 1974 the improvement in housing quality has continued steadily apace, unaccelerated by government billions. John Weicher, formerly of the Urban Institute, says "private housing production and income increases are the major contributing factors to housing quality improvement" and there is "little justification for the argument that government programs have been primarily responsible." Weicher, ironically, became deputy staff director of the President's Commission on Housing, which has recommended expanding the role of Community Development Block Grants.

So why is the government continuing to spend such lavish sums on a problem that has been rapidly diminishing over the years without its help? The answer is, not surprisingly, that the money benefits certain groups of people on whom politicians rely for reelection. Those groups are not the poor, the needy, or the ill-housed, either; they are organized labor, the construction industry, manufacturers of construction goods, wealthy consultants, landlords, and the thousands of bureaucrats who man the Community Development offices that have sprung up across the nation. Labor groups and construction lobbying associations enthusiastically support the Community Development Block Grants. "We have favored CDBGs. We think it has done well," says Henry Schechter, deputy director of economic research at the AFL-CIO. "We have a long-standing support of CDBGs . . . . They can produce housing," says a spokesman for the National Association of Realtors. "We're all for them increasing by as much as possible. We're trying to get legislation to funnel more money into housing rehabilitation," says Frederick Case, owner of his own Washington, D.C., construction firm and vice-president of the National Home Improvement Council/National Remodelers Association. The only problem Case sees with the program is that too much money goes to the big developers—companies that do $5–$10 million worth of business a year—rather than small, $2-million-a-year remodelers. That problem probably doesn't bother Alan Wiener, the president of a large private real-estate development firm. His firm is looking to reap some of the rewards of the "large [spending] increases by all three levels of government in their assistance for construction and rehabilitation" that, according to the *New York Times*, he advocated a year ago when he quit as head of the New York HUD office.

The block grants benefit not the poor, but organized labor, the construction industry, and the thousands of bureaucrats who man the Community Development offices across the nation.

The cozy relationship between HUD and developers sometimes slips over the edge of legality. With the federal government exercising so much power over how towns are developed, and with so many billions being spent by employees over whom HUD has little supervision (HUD doesn't even know how many people the program employs), it's not surprising that corruption is widespread throughout the program. There are minor misuses of funds, as in Evansville, Indiana, where officials refurbished their own offices, or in a St. Louis suburb where they built a gazebo in the park. But kickbacks, fraud, and embezzlement also infest the system from top to bottom. In Colmar Manor, Maryland, $266,720 in Community Development Block Grant money was spent to build a Burger King. On top of that, another $140,000 went to a real-estate firm to handle town planning and to act as the town's exclusive agent in selling and leasing property. The only result of the contract was a long-term lease with the Burger King. That town's administrator, who was hired shortly after serving nineteen months on a five-year sentence for embezzling $1.5 million from a credit union, also transferred $47,000 into his own bank account.

With thousands of Community Development offices handing out billions of dollars every year, all it takes is writing up a false claim, as a Community Development director did in Kansas, or rigging the bids, as a director did with a police chief in western Michigan, or asking for kickbacks, as a group of HUD employees did in Oklahoma. In a six-month period last year, HUD opened investigations on 691 cases of false statements, fifty for kickbacks, and thirty-five for embezzlement.

But corruption and inefficiency are the least of the mess. Without doing anything to raise the standard of housing nationally, this program has raised the rents of low-income people, violated their privacy, seized property from small businessmen and homeowners, subsidized large construction companies, and cost the taxpayers billions of dollars. Only government could operate like that. Newmarket's Wheeler says he sometimes wonders if the town would not have been better off if every person had been given $100 cash instead. Or, though no one in Washington seems to have thought of it, the money ought not have been taxed away in the first place. ▣

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Setting the Airlines Free

by Sheldon Richman

Deregulation means no more government protection for airlines—and the big winners are the passengers.

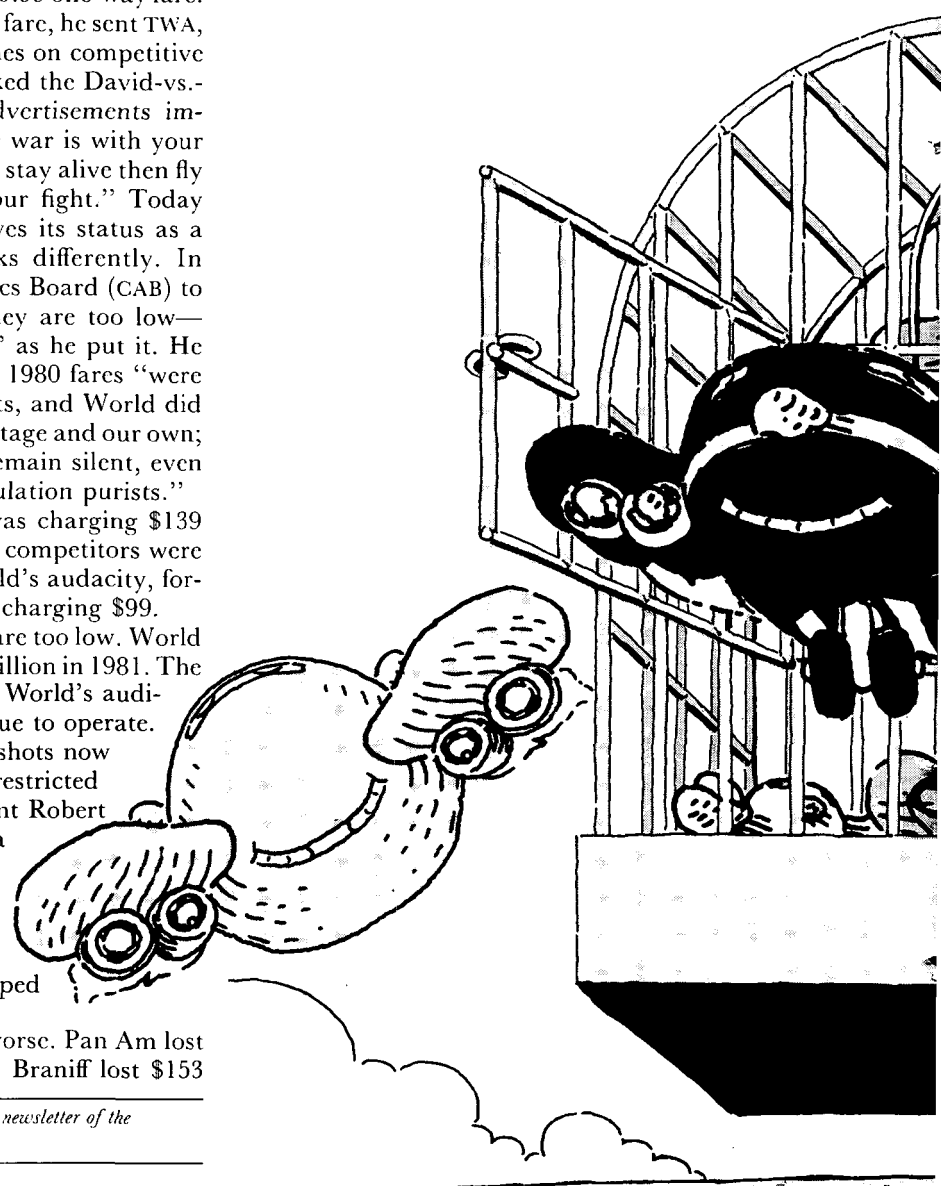
WHAT A DIFFERENCE TWO YEARS can make! For Ed Daly, chairman of World Airways, it brought a flip-flop worthy of Jerry Brown's election-night conversion to Proposition 13. In 1980 Daly, a champion of airline deregulation, thrilled transcontinental air passengers for a solid month with his special $69.99 one-way fare. When he announced his regular $139.99 fare, he sent TWA, Pan Am, Eastern, and American Airlines on competitive fare-cutting binges themselves. Daly liked the David-vs.-Goliath pose then. His newspaper advertisements implored, "The only way we can win the war is with your support. If you want low-cost airfares to stay alive then fly with World Airways. After all, it's your fight." Today Daly, whose former charter service owes its status as a regular carrier to deregulation, thinks differently. In March he called on the Civil Aeronautics Board (CAB) to resume regulation of fares, because they are too low—"disastrous and completely irrational," as he put it. He explains his turnaround thus: Up until 1980 fares "were too high in the transcontinental markets, and World did something about it to the public's advantage and our own; now they are too low, and I will not remain silent, even though our proposal may offend deregulation purists."

At the time of Daly's plea, World was charging $139 one-way, coast to coast. But most of its competitors were charging $129. And, in a replay of World's audacity, former charter Capitol International was charging $99.

It's easy to see why Daly thinks fares are too low. World has been losing money since 1980, $20 million in 1981. The red ink plus its cash-flow problems has World's auditors wondering if the airline will continue to operate.

Nor is World the only airline taking shots now at the industry's regime of virtually unrestricted competition. American Airlines president Robert L. Crandall says it is "philosophically a terrible idea" that "fostered uneconomic pricing." Though American was one of the few airlines to make a profit in 1981 ($47 million), its $42 million 1982 first-quarter loss nearly wiped that out.

Other large carriers are doing even worse. Pan Am lost $377 million, the largest of the bunch; Braniff lost $153



SHELDON RICHMAN is the editor of Competition, *the newsletter of the Washington-based Council for a Competitive Economy.*

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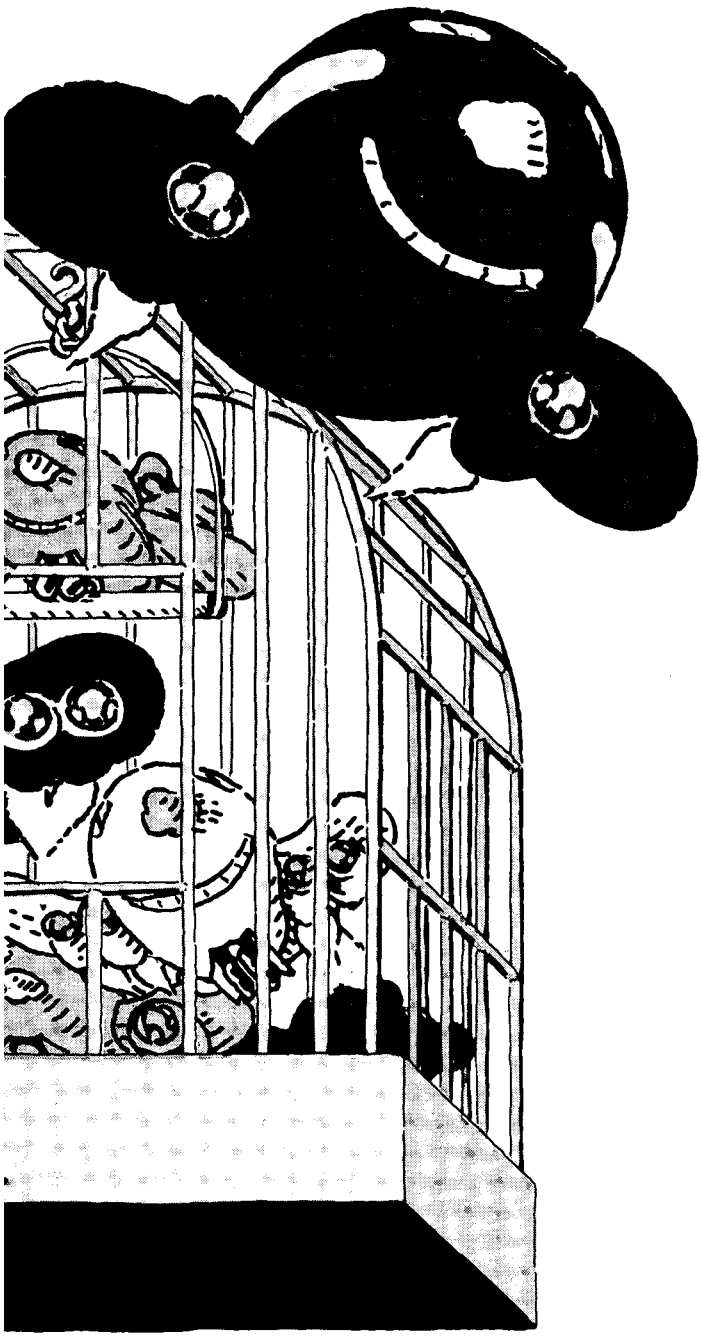
million, and the long-profitable United lost $105 million. All told, the twelve major domestic carriers lost $557 million last year. The first quarter of 1982 didn't look brighter. Delta and TWA, winners in 1981, posted their worst losses ever. "We're going to see a lot of bankruptcies and reorganizations," says Eliot Fried, airline analyst for Shearson/American Express.

But the executives of losing operations aren't all crying for an end to the three-and-a-half-year experiment in deregulation. "I am committed to the view that a return to government regulation is not the answer to the industry's financial crisis," says Pan Am chairman C. Edward Acker. United chairman Richard J. Ferris, whose company was one of the few original pro-deregulation voices in the industry, continues to praise open competition. The industry spokesman, the Air Transport Association, supports an effort to disband the CAB this year, two years ahead of schedule. Says ATA's James E. Landry, "The economic problems facing the airline industry over the past two years would have been much more severe in the absence of management decision-making latitude made possible by the deregulation act."



In fact, except for a few money-losing executives, the only people criticizing deregulation are an occasional aviation consultant and a pair of *Washington Post* columnists (Carl Rowan and Hobart Rowen) who never understood how the market process operates anyway. The critics of deregulation complain about fare wars, fare anomalies, schedule changes, service cutbacks to small communities, and safety. For example, Hobart Rowen whines, "It is slightly more than slightly ridiculous . . . that one must now pay Northwest Airlines $317 to fly round-trip from Washington to Madison, Wisconsin ("super-saver" rate), while the round-trip super-saver fare between Washington and Minneapolis (227 air miles beyond Madison) is only $270 on the same airline." And former TWA vice-president Melvin Brenner insists that "the issue is not low fares but rather pricing that is so unrelated to cost as to be self-destructive." But all the wailing about the decline of the airline industry betrays a lack of appreciation of the historical and economic context in which the industry operates. Specifically, the critics fail to see that deregulation consists of subjecting an industry shaped by forty years of political privilege to novel forms of competition. This process will inevitably take its toll on the inefficient and produce an industry whose structure no one can predict. To regard this readjustment as a failure of deregulation is to confess to an ignorance of market processes. To further neglect the harmful effects of recession, high interest rates, high fuel costs, and the air traffic controllers' strike is to add insult to ignorance.

THE AIRLINE INDUSTRY DOES FACE real problems. But the overwhelming theoretical and empirical evidence is that deregulation is responsible for better service and lower fares than would have been offered with continued government rule. Moreover, the new flexibility given the airlines—their freedom to change the mix of schedules, routes, fares, and equipment in response to consumer demand—bodes well for the future. "Deregulation," wrote two CAB economists in 1981, "brought about fundamental changes in the industry, which will continue to bring better and lower-cost air travel to the vast majority of air travelers."

To understand the meaning of the 1978 Airline Deregulation Act, a flashback to the early days of commercial aviation is helpful. The industry was born as a partnership between specific business interests and the federal government. The 1925 Kelly Act authorized the postmaster general to contract with private flyers to carry mail. The original contractors were a veritable who's who in commercial aviation, though the names later changed. They included Pan American Airways, United Aircraft and Transport (United), Aviation Corporation (American), and North American Aviation/General Motors (TWA and Eastern). The airlines' profits from these contracts were early subsidies to passenger service, which was otherwise unprofit-

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able. In 1926 the federal government further subsidized commercial aviation by taking responsibility for navigation costs, airport development, and safety.

In 1930 Congress gave the postmaster general more authority to renegotiate rates and expand routes. Postmaster General Walter F. Brown used these powers to encourage concentration in the industry, even at times requiring mergers of independents in return for contracts. By 1934, 90 percent of the airmail contracts were held by the companies that would eventually become United, American, TWA, Eastern, and Pan Am.

With industry support, Congress moved in 1938 to consolidate government regulation of the airlines in the new Civil Aeronautics Authority, forerunner of the CAB. With the protection of the carriers in mind, the CAA was given the power to restrict the establishment of new airlines, determine routes, regulate fares, and write safety standards. (This last function was later given to a separate agency.) Besides these powers, the CAA could subsidize carriers with mail pay and rule on mergers, acquisitions, and transfers of control.

During the life of the CAB, it has attempted to construct a stable and protected industry. Among the nineteen originally certificated carriers, eight held mail contracts before 1934 and seven more got contracts in 1934. Only four held no prior contracts. New competitors were blocked from entering the industry after 1938. Not one new major carrier—or trunkline, as they are called in the trade—was certificated.

From 1945 to 1950 the CAB did encourage and subsidize local air service where the trunklines found it unprofitable, but direct competition was minimized. In an attempt to strengthen the trunklines, the CAB permitted them to withdraw from unprofitable routes; to reduce its cash subsidy to the locals, it loosened their route restrictions. In retrospect, this was like letting the genie out of the bottle. By the mid-1960s, the locals had been allowed to compete directly with the trunklines.

Control of fares was a second weapon in the CAB's anticompetition arsenal. Fares were generally based on distance, though this crude standard was changed in the 1950s. Increases were usually approved, but fare cutting was subject to hearings and charges by competitors of discrimination and predatory pricing. In good times, restricted discounts were permitted.

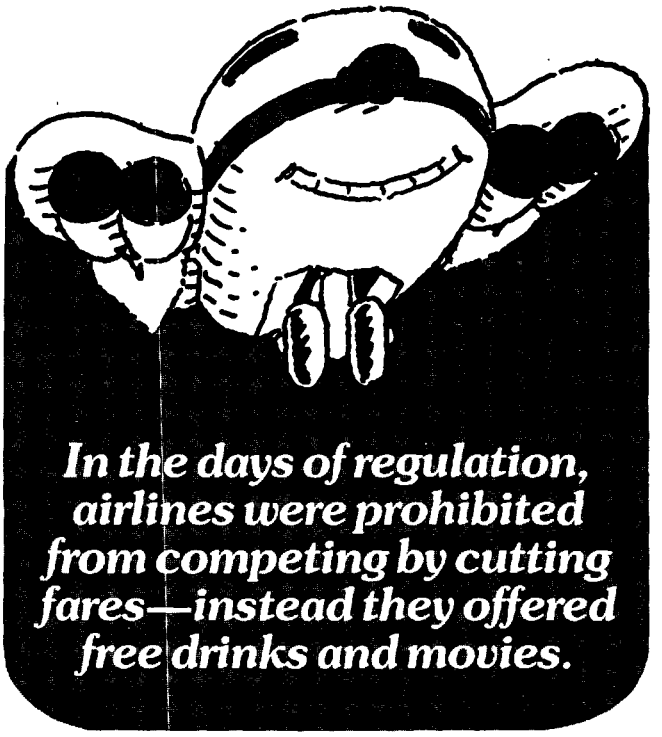
Control of routing, of course, was also essential to the protectionist orientation of the CAB. The CAB approved few route applications, and it imposed a moratorium on new routes from 1969 to 1974. When granted, new routes were awarded to one airline only, and sometimes routes were sought solely to deny them to someone else. Moreover, carriers flying international routes were not allowed to transport *intra*national passengers when they made more than one stop in the United States. This obviously protected the exclusively domestic lines that served the same points.

ONE OF THE RESULTS OF AIRLINE regulation was a diversion of competitive efforts from price to nonprice features. Free drinks, elaborate menus, feature films, and colorful airplanes took the place of fare cutting. More frequent service and increased use of wide-body jets—both aspects of this competitive race—led to excess capacity, which took its toll on the carriers. None of these services is objectionable in itself, but, as we later learned, many passengers are willing to forgo them for cheaper flights. CAB attempts to resolve the problem of overcapacity by encouraging airline collusion merely shifted the service competition to other markets.

Airline analysts Stephen G. Breyer and Leonard R. Stein sum up the effects of forty years of regulation:

> The board's rate policy discouraged price competition, and led carriers to compete through frills and scheduling; its route policy lacked coherent standards and was used to handicap airlines' competitive positions rather than to maximize consumer benefits; and its ill-conceived encouragement of capacity-reduction agreements only served to further worsen the anticompetitive harm generated by nonmarket specification of prices and entry.

The distorting effects of airline regulation had not escaped the theoretical economists, and a growing literature questioned the rationality of the CAB's controls over price and entry. First, economists pointed out that air service is naturally competitive. Its major capital component is, of course, mobile, meaning that competitive challenges to existing service are relatively practical. There also


In the days of regulation, airlines were prohibited from competing by cutting fares—instead they offered free drinks and movies.

are no great economies of scale, so big-carrier dominance could not be presumed. While new entry is expensive, the costs can be cut by leasing airplanes, and existing airlines will always represent *potential* competition to each other in an unregulated industry.

The economists also argued that the airline industry had a complex cost structure. In essence, this means that no central authority could efficiently manage an industry subject to so many immeasurable tradeoffs: fares versus frills versus frequency versus routing, and so forth. Consumer preferences could only be discovered in a free market.

Other economists made empirical studies of unregulated intrastate markets, such as California, and concluded that national deregulation would lower fares, increase efficiency and expand consumer choice—all of this without endangering profitability. Since the industry was being run like a

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public utility, protection of profits was high in the minds of the regulators and regulated. But regulation had not in the main brought spectacular profits. From 1960 to 1975, returns for the domestic trunklines had ranged from 12.2 percent to a loss of 4.4 percent. Returns topped 10 percent in only five of those 15 years. Two economists, George Douglas and James Miller, explained this by noting that the benefits of fare increases approved by the CAB were "competed away" through service rivalry.

By the time this comprehensive assault on the CAB was unleashed it was as hard to find a proregulation economist as it was to find a procompetition airline executive. Good timing made deregulation of airlines a realistic political program in the mid-1970s. The theory found allies among the economists and regulatory critics in Gerald Ford's administration, while the obvious proconsumer aspects caught the attention of Senator Edward Kennedy. In early 1975 Kennedy convened flashy hearings, which led to a major report that propelled deregulation to the top of the political agenda. This report concluded: "To provide consumers with adequate, low-fare service that is technically and economically possible and to promote greater efficiency in the provision of that service . . . the Board should shift from reliance upon the procedures of classical price and profit rate-making towards greater reliance upon the competitive forces. . . ."

WHILE CONGRESS WAS STUDYING deregulation, the CAB was busy deregulating. In 1975 Ford appointed reformer John Robson to head the CAB. Despite hard times for the airlines, partially attributable to the recession and fuel costs, the CAB ended the moratorium on new routes. Next, the charter rules were liberalized; for example, the advance-booking requirement was cut from sixty to thirty days. This move brought the charters radically close to the scheduled airlines' domain, and it touched off a rash of fare discounting. Texas International started it by offering discounts of up to 50 percent on off-peak flights. By February 1977 the CAB had made low fares a major determinant of who obtained a given route.

Before Robson left the CAB, the airlines were offering super-saver fares to fill empty seats and Pan Am, Northwest, and Braniff were permitted to move domestic passengers on the stateside legs of international flights.

Jimmy Carter replaced Robson with Alfred Kahn, whose name is now synonymous with airline deregulation. Kahn's CAB allowed greater fare discounting and service innovation—from TWA's "Spartan Super Coach" to Braniff's "Small Potatoes" to Allegheny's "Flexible Flyers." Under Kahn, the CAB took the radical step of granting all carriers using Chicago's neglected Midway Airport the right to start and stop service without CAB approval. This was a major step away from protecting existing carriers. Other similar decisions followed.

The results were overwhelming: Discounts of up to 50 percent became available in the major markets. Many fares were lower in 1978 than in 1974, despite inflation. People were flying more—and more people were flying. The high passenger volume more than offset the effects of discounting, leading to a record $1.2 billion profit for the industry in 1978. Return on investment was 13 percent for the trunklines and over 14 percent for the locals.

The Airline Deregulation Act of 1978 can now be seen as a continuation and codification of the CAB's own liberal policies. The act shifted the burden of proof in route-authority cases from the entrant to the opponents, who had to show the service was inconsistent with "public convenience and necessity." It provided for a limited degree of automatic entry without CAB approval or review. It allowed carriers to apply for and gain access to routes held but not used by another carrier. It permitted carriers to vary fares within a "zone of reasonableness," and, finally, it set up an Essential Air Service Program to guard small communities against loss of service. The CAB's authority over routes expired at the end of 1981; its control over the rates and mergers stops at the end of this year. The CAB itself is to vanish at the end of 1984, unless that schedule is accelerated.

The beneficent results of freedom continued. New markets were opened and former intrastate carriers, like Air Florida, Pacific Southwest, and Southwest, entered the interstate competition. Midway Airlines became the first new airline to enter the certificated airline industry under the act. Many other new, small airlines—fondly called upstarts—carved out valued niches for themselves in the industry.

Fares through 1981 were still being held down by competition. A CAB study reported that in the nation's 100 largest markets, fares in 1981 were 87 percent of what they would have been under the CAB's previous fare-setting formula; in the second 100 markets, fares were 90 percent of that level. In the smaller markets, however, fares were 112 percent of CAB-formula levels. Other studies showed that from 1977 to 1979, while airline costs rose 53 percent and the consumer price index rose 31 percent, average air fares rose only 22 percent. In 1979 fare levels were up 30 percent, but because more than half the passengers had discounts of 10-to-70 percent, fares *paid* rose only 16 percent. A pair of CAB economists found prices "more closely related to costs" than ever before.

No one disputes that 1978 was a banner year for the airlines and their record 275 million travelers. But 1979 was not nearly as good. Earnings, which had hit $1.2 billion in 1978, were $400 million in 1979. These profits were still higher than during the heavily regulated years, however, and passenger traffic climbed 12 percent (versus 16 percent in 1978).

The industry's declining profits in 1979 are attributable to a weakening economy and other problems unrelated to deregulation. The United strike put 24 percent of the domestic air fleet out of action for eight weeks in the spring. Then the Chicago DC-10 crash led the Federal Aviation Administration (FAA) to ground all DC-10s for five weeks in the summer. Finally, 1979 was the year of the Iranian revolution and fuel disruption. Jet-fuel prices nearly doubled that year and supplies were uncertain. But it is clear that the relaxation of restrictions on the airlines allowed them to adapt to changing conditions and cope with the bad times.

The rising fuel prices carried over into 1980 and so did the airlines' downturn. On top of that, the economy went into recession. Air travel slowed, and profits turned into losses of $434 million. The recession of 1981–82 and the August 1981 air traffic controller strike, which limited service at the twenty-two busiest airports, dealt more blows to the industry. Passenger traffic in 1981 dropped 3 percent, though 70 percent of all fares were discounted. An FAA spokesman said air service initially dropped to about

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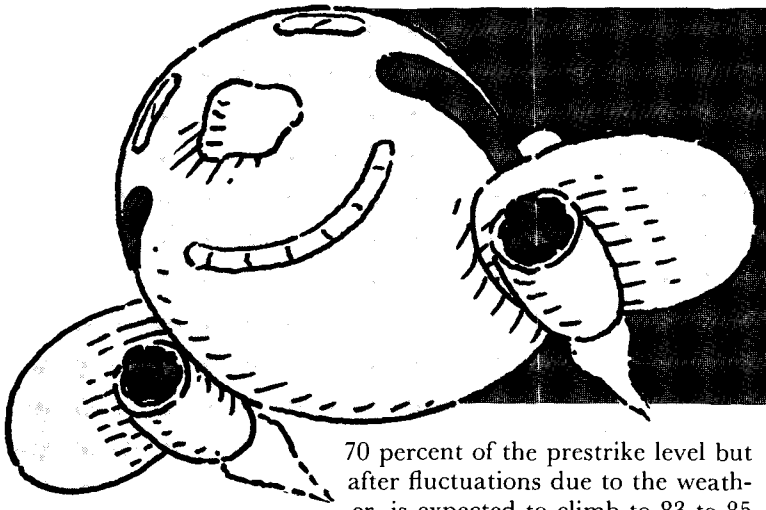

Deregulation has not led to concentration or monopoly prices. Seventy airlines are now in the air, instead of the previous thirty-three.

70 percent of the prestrike level but after fluctuations due to the weather, is expected to climb to 83-to-85 percent this spring. The FAA hopes to reach 90 percent of capacity by the fall.

ALL OF THESE PROBLEMS HAVE prompted some people to question deregulation. None have yet made a convincing case for resumption of government control. To demonstrate this, let's look at the three major predictions of gloom offered by the opponents of deregulation: monopoly, disruption of the integrated airline network and small-community service, and destructive competition.

Monopoly

To read the airline ads is to refute the monopoly arguments. Freedom of entry has diminished concentration, and smaller airlines tend to be growing faster than larger ones. Although the giants have 86 percent of the business, they will only hold this share by superior service; unlike in the old days, they cannot look to the government to keep out the competition. While some of the giants are taking severe losses, many challengers are making money and increasing market share. For example, from May 1980 to May 1981 Piedmont Aviation hiked its share by 24 percent, and Frontier Airlines grew by 15 percent. Twenty-nine smaller airlines, including New York Air and Air Florida, saw their share of the business increase by 66 percent. There's no mystery in this; these smaller carriers, fulfilling the entrepreneurial role expected in the free market, simply found the gaps in service missed by the biggies. In particular, some of them have begun serving medium-size cities abandoned by major carriers.

The newer airlines—People Express, Muse Air, and others—are benefitting from nonunion employees to lower their labor costs. They're not all profitable yet, but their potential is great. The smaller carriers have taken advantage of a mix of equipment that is more appropriate to the times and routes. The recession has hurt the long-haul vacation market, and the major carriers' large aircrafts are inefficient for short trips. So smaller carriers are well positioned with their smaller aircraft to pick up the slack and grow. USAir, formerly the regional Allegheny, for example, used to fly passengers from Albany to New York City, where, presumably, many switched to other airlines for flights to Florida. Since deregulation, USAir flies directly from Albany to Florida. It is now among the twelve largest airlines, and it doesn't have a single wide-body jet.

Mergers have been a poor route to success since deregulation. Pan Am's 1979 merger with National left it straining under the weight of debt. Republic, the offspring of the merger of three regionals, has a debt of $700 million. Texas International acquired Continental, and, though they didn't merge, both are losing money. Together they have the second worst debt-to-equity ratio (91:19) in the industry. The disappointing results of mergers and the success of simple route expansion teaches airline executives an important lesson. As Robert Joedicke of Lehman Brothers asks, "Who needs a merger today? We're under deregulation. What do you merge for? Before 1978, mergers were more practical, since in many cases it was the only way an airline could gain access to new markets. But ever since deregulation, mergers haven't made a lot of sense."

So deregulation has not led to concentration or monopoly prices. Seventy airlines, rather than the previous thirty-three, carry passengers in the United States, and the share held by the majors has fallen from 92 percent to 86 percent in two years. But it should be pointed out that in an industry with free entry and market pricing, such bean-counting tells us nothing. Consumer demand determines the number of firms when the government keeps hands off, and none of those firms can hold markets in defiance of consumer satisfaction. In other words, monopoly is never a problem in a free market.

Small Communities and the Integrated Network

First of all, there is nothing new about communities losing airline service. Between 1949 and 1964 the number of airports served by trunkline dropped by 133, while those served by locals increased by 132. By 1977 trunklines were serving sixty-one fewer points. The CAB's small-community protection, touted by deregulation critics, was, in fact, virtually nonexistent. Its authority to require service to smaller airports was weak, and it was not difficult for carriers to suspend or delete such service.

What has happened since deregulation? You'll recall that the deregulation act contained an adequate-service program, under which the CAB could require airlines to continue serving a community—with CAB compensation—if no alternative could be found. Graham and Kaplan found that much of the withdrawn service was replaced by new commuter airlines, whose traffic grew 27 percent in 1979. The subsidies that remain for some sixty-five cities, they write, are less than they had been before deregulation, because of lower commuter costs. The subsidy program has

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critics even within the CAB. Some say the $16.1 million spent each year supports a tiny fraction of the market and that in some cases the subsidized community is in driving distance of a big airport. The subsidy, of course, constitutes a redistribution of wealth from one segment of the population, some of whom cannot afford air travel, to another. In terms of equity, it just doesn't pass muster. It also perpetuates unwise use of equipment and labor. Moreover, with the range of smaller planes available, commuter service to small communities, at least in a blossoming economy, should not be an insurmountable problem.

Regarding the integrity of the national network, Graham and Kaplan find that it has been strengthened by deregulation. Fewer trips require connections than in 1978, and a greater share of trips are made with a single airline. Both trends tend to please travelers.

Destructive Competition

Some opponents of deregulation warned, as Hobart Rowen of the *Washington Post* still does, that "cutthroat competition" would bankrupt the industry by driving down fares to uneconomic depths. There have been vigorous fare wars, and the weaker carriers have suffered, but such fare wars tend to be in the long-haul markets; elsewhere fares are high enough to cover long-run costs. Price cutting (prices, not throats, get cut in free markets), of course, can mean hardship for some firms. But it does not endanger an entire industry. It encourages cost cutting, efficiency, and innovation. (For example, some airlines have persuaded labor unions to renegotiate uneconomic wage contracts.) And consumers enjoy the windfall. Critics of price wars tend to be ivory-tower observers and those entrepreneurs who cannot meet the low fares. Few consumers are known to complain.

Those people who do complain about fare wars, overcapacity, and losses reveal a dismal ignorance of the market process and are guilty of what Nobel-prize-winning economist F. A. Hayek calls a "pretense of knowledge." They pretend to know the right combination of fares, routes, and capacity. But there is no way to know these things apart from the trial and error of the market. They depend on consumer demand, and the markets' incessant bidding for resources is the only means available for discovering the nature of that constantly changing demand. The errors are as important to this discovery as the successes.

Another target of criticism is the so-called fare anomalies. As noted, Hobart Rowen is disturbed that the Washington-to-Madison trip is more expensive than the longer Washington-to-Minneapolis trip. Airline consultant Melvin Brenner charges that "when fares are below cost on prime routes, airlines must compensate by charging more than would otherwise be necessary elsewhere." None of these gripes makes sense. Air fares are not determined by raw mileage; they are determined by demand. One air-mile is not equal in value to every other air-mile. Its worth depends on where it leads, who wants to get there, and how badly. The critics have forgotten that cost cutting induces competitive price cutting and that the fixed costs of flying airplanes (takeoffs, landings, baggage handling, reservations, etc.) make it cheaper to run long, dense routes than short, less popular ones.

Moreover, as Alfred Kahn pointed out to the critics, it is cheaper to serve vacationers, who are more flexible, than business travelers, who are more demanding. So different fares for different services are unremarkable once one understands that markets are filled with people pursuing their own purposes who don't care about profits and relative costs-per-mile; all they care about is their objectives and their options. If paying a given fare puts them in a better state of affairs than not paying it, they pay. Otherwise, they do not.

As to the charge that short-haul passengers in fact subsidize long-haul passengers: First, it is curious that these critics did not complain when they thought the reverse was occurring. Second, do they now recommend that the lower fare be raised or that the higher one be cut? If the former, they are not bound to be popular with the travelers who would be deprived of their bargains. If the latter, they would deprive the airlines of revenue, which the critics think is already insufficient.

Even if the low long-haul fares were raised, there is no reason to expect the higher short-haul fares to be cut. After all, the market supports the higher fares; if it did not, the fare would already be lower. If an airline tried to raise a short-haul fare to subsidize a long-haul market, competitors would move in and cut the fare. As long as travelers can patronize other firms, carriers can't simply set their fares at will.

THE DOOMSAYERS' PREDICTIONS, as we've seen, were mistaken. But what about the future? That depends on the general economy. Some carriers are certainly not adjusting well to open competition; some of these are the same ones whose existence depended on the government's continued denial of freedom of choice to consumers and new competitors. It is hard to have much sympathy for them.

As for the rest, it is clear that the severe recession and high interest rates are the prime culprits. Airlines are on the leading edge of the politically induced business cycle. When the government promotes an illusory boom by expanding the money supply, the airlines in particular get a big boost. Expanding businesses use them more, and higher nominal incomes encourage more vacation flights. Likewise, they are doomed to suffer badly during the downturn as businesses scrutinize travel expenses more closely and vacationers forgo long flights for motor trips.

If, on top of this, fuel costs rise dramatically (as they did until recently) and landing rights are curtailed by a controller strike, one need not look to deregulation as a cause of hardship. In fact, the freedom and flexibility allowed by deregulation has indisputably made many carriers better able to cope with hard times.

The upshot is that much of the airlines' woes can be attributed to the bungling of Ronald Reagan. It is his recession. His refusal to liberate the economy from crushing taxation (never mind the fraudulent "cut"), spending, regulation, and government control of the monetary system has crippled the economy and kept interest rates incredibly high. The coming $100-billion-plus deficits and the shift of spending into the sink of the military-industrial complex are fearsome portents for the airlines and the rest of the economy. If the airlines are to survive and prosper, they need more freedom from government bungling, not less. Someday, perhaps, that lesson will sink in, and every industry, not just the airlines, will be unshackled from the chains of government regulation. ■

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PIERRE TRUDEAU'S LUST FOR POWER

by Paul Fromm

ON A SOGGY APRIL afternoon, as Royal Canadian Air Force jets cracked the Ottawa sky and twenty-one guns fired away, Queen Elizabeth II signed the Constitution Act, which officially transferred constitutional power from Britain to Canada. While 25,000 cheered the queen, other Canadians were lamenting the sweeping changes in their political life that the new constitution was sure to bring. To many the constitution was the fulfillment of Liberal Prime Minister Pierre Trudeau's fourteen-year quest to expand and consolidate the powers of the federal government. Nowhere in Canada was that perception felt as deeply as in Montreal, where the separatist-minded premier of Quebec, René Lévesque, mounted a counter-demonstration of 20,000. Lévesque denounced the constitution as "made without us and against us" by the leaders of English-speaking Canada, and warned that it restricts Quebec's powers and endangers French culture.

But even in the resource-rich provinces of the west, where the provincial premiers accepted the compromise constitution, a "sagebrush rebellion" against the central government is gaining ground. Westerners bristle at the high tariff barriers, erected by a federal government dominated by the heavily industrialized provinces of Ontario and Quebec, that force them to pay premium prices for manufactured goods. Equally enraging to the west are federal directives from Ottawa that hold Canadian oil prices at half the world price—effectively subsidizing the energy costs of the eastern manufacturers.

The centrifugal tendencies in Canadian politics pit province against province as much as province against Ottawa, leading to a sort of economic Balkanization. Newfoundland's parliament requires offshore drillers to give preference to Newfoundlanders in hiring. Land ownership by nonresidents is restricted in Prince Edward Island. Alberta and Quebec laws favor local suppliers, and so on. Canada's loose federal structure allows the provinces more political autonomy than the corresponding states of the United States. This autonomy and the fact that Canada's 24 million people are sprinkled over an area 10 percent larger than the United States have created a fragile sense of union. To keep his Canada in one piece, Trudeau has invested in a new federalism of his own making. Unlike Ronald Reagan's new federalism, Trudeau's is aimed at greater centralization of power; he has increased the federal role in almost every field and has entered his government in a contest with the growing provincial governments for power and revenues, expanding the federal tax bite in 1981 by some $7 billion.

As a result there is a trend toward state ownership, anti-American protectionism, increased taxation, deepening government intervention in the economy (Canada is still reeling from the wage and price controls imposed between 1975 and 1978), and subtle erosion of civil liberties. Canada is in the throes of economic nationalism—not because of any popular groundswell—but because of a campaign orchestrated by Trudeau. His policy is centered in two programs, the Foreign Investment Review Agency (FIRA), which screens all new investments in Canada, including takeovers, and the National Energy Program (NEP). Under the NEP Canada has set up a national oil company, Petro-Canada, and now wields a set of discriminatory taxes, grants, and other incentives to make Canada self-sufficient in energy and increase Canadian ownership of energy resources. Trudeau has draped himself in the Maple Leaf to build popular support across the country for his new federalism, and has used it as a fig leaf to cover his anticompetitive and protectionist economic policies.

The government's program to impose the metric system on Canada offers a window on the mind-set of Trudeau and the Ottawa bureaucracy. Compulsory metrication has never been approved by the Parliament of Canada, so Trudeau has resorted to decree—the so-called "order-in-council"—to impose kilograms, meters, and liters on a nation accustomed to pounds, feet, and gallons. The order-in-council is drafted by the federal cabinet and signed by the queen's representative, the governor general. It has the force of law and lets

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the prime minister avoid submitting bills to the scrutiny of Parliament. Originally, orders-in-council were for appointments or minor regulations that Parliament might not have time to debate, but the Trudeau government uses thousands of them each year to circumvent the people's elected representatives and override majority opinion.

Despite years of costly government advertising campaigns to sell metrication, the Canadian public remains unpersuaded. According to Bill Domm, Conservative member of Parliament, the government is suppressing the results of a Gallup poll it commissioned in November 1981, a poll that supposedly reveals that 52 percent of Canadians oppose forced metrication. "They do not mind it by choice, but there is a great difference in metric by force and metric by the choice of the people," Domm insists.

In the early 1970s the government's Metric Commission tried to sell metric as a voluntary but desirable system that would boost Canada's exports abroad and bring Canada in line with most of the rest of the world. It was argued that even Britain and the United States were going metric. Canada simply had to get in line. But the greater the opposition, the more the once "voluntary" program became compulsory. Weather readings and highway speeds were switched to metric, and the National Energy Program mandated that gasoline be dispensed in liters. The metric juggernaut proceeded industry by industry, brooking no opposition. The total cost of metrication will be a staggering $4.4 billion, says Bill Domm. Several small businesses in his district closed when it was made a metrication guinea pig in 1980. "We in the city of Peterborough have lost our only independent dairy.... The proprietors said, "We invested in the future of our dairy until the metric system came into effect. This made our equipment obsolete, our cartons and glass bottles no longer of any use,' " says Domm.

The federal government holds the threat of a jail sentence, fines of $1000 per offense, and confiscation of scales, over the heads of merchants who do not comply. There is a staggered timetable for metricating grocery stores across the country so as not to arouse concerted public opposition.

Whatever trade benefits might accrue from metrication have long since evaporated. "The United States is not going metric," says Doug Neil, a Saskatchewan member of Parliament. "In fact, it is disbanding the metric commission.... Britain went metric and is now changing back." Rather than allowing companies to go metric by choice, the Canadian government has in effect made them bear the costs of a scheme conceived by the bureaucrats in Ottawa. As in the example of the small Peterborough dairy, the cost for many businesses will be bankruptcy.

WHAT METRICAtion has done to small businesses and the individual, the National Energy Program has done to the country as a whole. Ostensibly, the purpose of the NEP is twofold: to "Canadianize" ownership of energy to at least 50 percent and ensure self-sufficiency in energy by 1990. Part of the plan involved the nationalization of foreign companies. The Canadian government bought the Belgian-owned Petrofina for a whopping $1.4 billion to form Petro-Canada. Critics point out that the purchase of Petrofina added not one drop of oil to Canada's reserves. Canadians are now paying a new 8 cents a gallon (whoops! 1.77 cents a liter) tax to finance that takeover, which did nothing but put the Maple Leaf on gas pumps. The discriminatory taxes and incentives that work against foreign oil companies maneuvered Conoco into giving up its Canadian assets to the Canadian-owned Dome Petroleum. And the government has stepped up its efforts to wring concessions out of foreign oil companies as a condition for exploring offshore sites.

Like metrication, the NEP has been an economic disaster. As planned, Trudeau's policies have reduced foreign ownership of energy from 72 percent to 65 percent, but plummeting world oil prices are threatening to scuttle the NEP and economic nationalism altogether. Trudeau's plan to Canadianize oil, and eventually much of Canada's industry, was based on steadily increasing oil prices, projecting 2 percent annual real increases until the world price hit $62 a barrel in 1986. Canada would simply finance the takeover of corporations with high taxes on ever more expensive oil. But according to James A. Osten, an oil analyst for Data Resources of Canada, each $1 drop in world prices slashes another $300-to-$500 million from Canada's federal revenues, which is serious news for a country with a higher per capita annual deficit than the United States and a shopping list of industries to nationalize. If present oil price trends continue, the Canadian federal cupboard will be bare.

Dome Petroleum, the largest domestic company, is already feeling the pinch of the low oil prices. Encouraged by government grants and subsidies in its search for Arctic crude, Dome has gone almost as deeply into debt as Exxon, a company with six times its assets, and given the new price trends the Arctic crude might not be profitable to pump out. Likewise, the $13 billion Alsands project to extract oil from Alberta's tar sands, which figured highly in the NEP self-sufficiency program, has collapsed under its own financial weight. Citing high interest rates, the drop in the world price, and dissatisfaction with NEP policies, the seven-member Alsands consortium scrapped $125 million in site preparation and rejected the offer of further government assistance.

Even Canada's own oil companies, beneficiaries of federal grants and tax relief for exploration on federal lands, are bailing out. Reflecting the dismal prospects, only 6500 of the 10,500 Canadian wells scheduled to be drilled in 1981 ever went ahead. *Oilweek* reported in 1981, before the drop in prices, that at least 25 percent of Canadian drilling rigs had been moved south to the more unregulated American market and Hiram Walker–Consumers Home of Canada shelled out $600 million to buy into the oil and gas properties of Davis Oil of Denver. Alberta Energy Minister Mervin Leitch predicts that far from enjoying self-sufficiency by 1990, Canada will have a daily shortfall of 500,000 barrels, which may cost $10 billion a year to import. The strengthening of the government's control over a key sector of the Canadian economy has made business, even more than usual, dependent on the goodwill of the state.

The Royal Bank of Canada estimates that the Trudeau government's ambitious energy plans will require an investment over the next twenty years of $1.4 trillion, of which $300 billion will have to come from overseas. One would think, therefore, that Ottawa would be eager to tap the financial spring of its southern neighbor. But since 1977 there has been a net disinvestment of $3 billion by foreign oil

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companies. Aside from the NEP, the main culprit has been the Foreign Investment Review Agency. FIRA has eventually approved 90 percent of the 3000 applications for foreign investment it has scrutinized over the past eight years, but it has thrown a chill into the Canadian investment scene. The 90 percent figure doesn't include the companies dissuaded from even applying because of the obstructions FIRA has created. FIRA has muscled companies, particularly U.S. applicants, into agreeing to produce for export and to buy their supplies and services from Canadian producers. The Reagan administration has signaled its displeasure in the growing trade disparities by filing a formal complaint against FIRA under the international General Agreement on Tariffs and Trade (GATT) for discriminating against U.S. businessmen, the first formal trade complaint ever lodged by the United States against Canada.

And Trudeau has more plans for FIRA. "We want to expand and strengthen FIRA, not weaken it," Trudeau said in 1980. "FIRA's mandate will be broadened to include the periodic review of all foreign firms of large size to assess the performance of these companies. . . . Most importantly, through government guarantees of bank loans, FIRA will help provide financial assistance to Canadian companies that want to compete for foreign takeovers or repatriate foreign ownership of assets." Foreign firms that failed FIRA's "performance evaluations" would be asked to sell out or mend their ways. Trudeau also intends to use the FIRA stick to beat other concessions out of foreign firms—such as forcing them to conduct research and development in Canada. The Canadian Development Corporation, a holding company that is 49 percent government-owned, has been dispatched to buy up foreign-owned companies and Canadianize industry just as Petro-Canada has Canadianized energy.

Canadians argue that a third of Canada's nonfinancial economy is foreign-controlled and that investment supervision is necessary to keep the foreign devils from determining Canada's destiny. In a much-quoted study ten years ago, Trudeau's minister of industry dubbed Canada the "branch-plant economy" for its dependence on the branch operations of foreign companies. This kicked off the policy debate that resulted in economic nationalism. True enough, many branch plants were set up to manufacture solely for the Canadian market, but this was done in response to high Canadian tariffs. Baldly put, the current round of economic nationalism is a form of intervention designed to undo the legacy of a century of intervention in the form of high tariffs.

THE TRUDEAU PHIlosophy ignores the benefits to both sides of voluntary trade, international or between provinces. Nearly seventy-five out of every hundred Canadians live within 100 miles of the United States, and they benefit directly from America's economic vigor. Across the longest unguarded border in the world flourishes an annual trade of nearly $90 billion. Canada is America's biggest export market and America is Canada's in return. Rather than encouraging this mutually beneficial trade, Canadians have adopted policies that range from the ridiculous to the sublime. Ontario restrictions resulted in the transfer of $135 million of General Motors production back to the United States. Strict changes in the Income Tax Act disallowing deductions by Canadian businesses for advertising in *Time* magazine's Canadian edition effectively drove *Time* out of the country and left the weekly news magazine market to the home-grown *Maclean's*. FIRA rulings blocked Dow Jones' takeover of the Canadian subsidiary of an American company it purchased. Ottawa passed a law making it impossible for the National Football League to put a U.S. football franchise in Canada because it might draw fans away from the Canadian Football League. Fans of the "Great White North" segment of the Canadian-import television show, *SCTV Comedy Network*, might be surprised that it owes its existence to Canadian broadcasting rules that mandate a certain number of minutes of "Canadian content" in Canadian televison.

The United States has so far held back from threatening a trade war, even though Reagan has filed the GATT complaint. Millions in Canadian real estate money continue to pour into Los Angeles, Washington, D.C., Florida, and other parts of the States. The Canadian Development Corporation has acquired the Savin Corporation, America's second largest photocopier supplier, and also picked up various Canadian subsidiaries of American corporations. Last year Canadian concerns like Seagram, Canadian Pacific, and the Belzberg brothers of Vancouver mounted takeover stabs at major American corporations. The bids failed, not because of American rules stipulating a certain percentage of American control, but because the U.S. managements put up tough fights. To its credit the Reagan administration even turned down a request that Canadian investors be barred from leasing federal land here.

Still, the raw numbers disturb many Canadians. Nearly 80 percent of all foreign investment in Canada is American—direct U.S. investment exceeds $45 billion. But Canada's dirty secret is that it's the third biggest investor in the United States, with over $10 billion of its money south of the border. Canadian investors generally ignore the call to economic nationalism—except when they can get the government to give them grants and preferential tax treatment over foreign investors. They don't normally put their dollars into specifically Canadian companies. They invest where they can expect to reap the best profit, and usually that is in the American capital markets. In a country as free as Canada there are few currency controls barring overseas investment, so Canadian dollars drift south to our capital markets, and when the prospects are bright those dollars drift back to the north to drill for oil, dig minerals, harvest wheat, and build factories. It would be the cruelest of ironies if the FIRA restrictions and economic nationalism blocked the investment of Canadian dollars in Canada.

The Canadianization goal is impossible to reach, short of outright seizure and nationalization. Resource-rich Canada just doesn't have the capital to buy out all the foreigners. And even if she did, would that be desirable? The high standard of living Canadians enjoy is a result of the total capital investment in the country—foreign and domestic. If Canadians could create with a wave of a wand the Canadian capital to buy out the foreigners with and did so, they would be left with no larger capital base—and no new prosperity. Of what use is a capital-poor but government-owned economy? For its own interests Canada should abandon its economic nationalism, reduce taxation and regulation, and encourage the investment of all capital—foreign and domestic.

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The rapid erosion of economic liberties in the past few years has been accompanied by blueprints for further erosion of civil liberties. In June 1981 the government decreed, again through the subterfuge of an order-in-council, an emergency planning order that would allow it to take virtually total control of all aspects of Canadian life, including the conscription of manpower, the establishment of internment camps, and the commandeering of farms.

Benno Friesen, a Conservative member of Parliament from British Columbia, has challenged this order several times in the House of Commons. "It bothers me," Friesen says, "that this order is written in the context of the War Measures Act, and I am bothered by the very loose statement in there that the measures can be used at a time of 'real or apprehended insurrection.' [It was under the powers of the War Measures Act that Trudeau suspended civil liberties and instituted martial law in Quebec in 1970 to combat the terrorist fringe of the separatist Québecois.] I particularly wonder about that phrase 'apprehended insurrection.' At a time when the government wants to strengthen its position, any kind of paranoia could be apprehended insurrection."

The scope of the emergency planning order is all-embracing and horrific. The preamble defines an emergency as "an abnormal situation that requires prompt action ... to prevent or limit injury to persons or damage to property or the environment." Under this order, the ministry of agriculture could "control and regulate" farm production, food processing, storage, distribution, and rationing. The minister of employment and immigration could control and regulate the mobilization, movement, and allocation of civilization. He could establish "a population register for the effective management of manpower" and set wages and working conditions. The minister of industry, trade, and commerce could regulate and set prices of essential commodities, and order and enforce targets in industrial production. The minister responsible for housing could "control and regulate the rent, lease, or sale of real property." Finally—and this is perhaps the order's most terrifying provision—the solicitor general would "facilitate the selective reduction and transfer of prison populations to provide for the establishment of civilian internment camps."

SEVERAL FACTORIES help explain the passivity with which Canadians accept the intrusion of the government into their lives. Many of the English settlers of the eighteenth century were United Empire Loyalists, refugees from the thirteen colonies who sided with the British against the revolutionaries. This is not to say that the Loyalists or today's average Canadian should be considered acolytes of oppression, but traditionally Canadians have accepted all the restraints of monarchy and the colonial empire. In his book *The Canadian Identity*, historian W. L. Morton writes, "To Americans, revolution has meant liberty. . . . To Canadians, not revolution but empire has meant liberty. Whatever the restraints empire might impose, the restraints were for the common good."

In this context, Trudeau's martial law under the War Measures Act in 1970 and the docile reaction of the people make sense. Whereas Americans might have rioted under such police power, Canadians accept the suppression of their civil liberties because of their deep respect for authority. Similarly, it took decades of systematic abuse of police power by the national police force, the red-coated Royal Canadian Mounted Police, before the Ottawa government was forced to set up an official inquiry in 1977. Over the years the RCMP routinely burgled suspects' homes and offices, employed agents provocateurs (who once tried to get Native Americans to blow up a bridge), opened mail, tapped phones, and even torched a barn to prevent a political meeting from taking place, all in the name of law enforcement. The board of inquiry deliberated for four years and published evidence of "institutional wrongdoing" and a "widespread attitude by the force that it need not be responsible to civilian authority." But instead of abolishing the internal security duties of the RMCP, the government decided to transfer them to a separate, civilian intelligence agency. Told that opening mail was illegal, Trudeau replied, "The law will just have to be changed."

Until the advent of the new constitution, Parliament was able to do just that. It could pass any law it wished as long as it stayed within the boundaries of its own traditions and the explicit provisions of the British North America Act of 1867, which set up the original confederation. With the constitution has come the Charter of Rights and Freedoms, which for the first time in Canadian history spells out the fundamental political rights of religion, press, and assembly. New restrictions against unreasonable search and seizure may overturn such laws as the War Measures Act and prevent the RMCP outrages from occurring again; even the Official Secrets Act will be challenged because it denies open trial by jury. Reflecting the new charter, police have been instructed to advise the arrested of the legal right to counsel before questioning—another first.

But there are some who see the constitution as a civil liberties disaster. The original rights to property provisions were dropped from the document, and the equality provision goes beyond the defense of basic rights. One clear shift in power, clearly in Trudeau's favor, his critics say, is the delegation of wide new powers of interpretation of the constitution to the courts. "It's open season on all our laws," one Toronto lawyer said. "Everything has to be rethought and reconsidered." Law has become a genuine growth industry in Canada—lawyers are already queuing up to test the "reasonable limits" to individual rights the constitution dictates. Whereas bad laws could once be rejected by the popularly elected Parliament, the ultimate judge of the new constitution and the law of the land will be the Canadian Supreme Court. The court is loaded with Trudeau appointees who cannot be impeached. Trudeau's party is at a five-year low in the latest Gallup poll, and some believe that his policies could survive a legislative defeat in the form of Supreme Court decisions. For many in Canada, the new constitution has edges that can cut both ways.

When Pierre Trudeau expressed his sympathy for the Polish generals and wished them well, he must have been thinking of his own fragile union. For Polish generals and Canadian politicians the best way to safeguard the powers of government is to exercise them—universally, uniformly, and ruthlessly. The man behind the Mounties, the NEP, FIRA, the War Measures Act, and metrication is hardly the sort you'd want to trust with a constitution. ■

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In California and Massachusetts and across the country, tax rebels ignored the Apocalypse Now warnings to put a limit on taxes. The result has been leaner governments, more vibrant economies, and money back in the pockets of taxpayers.

Is There Life After Prop 13?

by Thomas Hazlett

"*IF I WERE A COM*munist and wanted to destroy this country," warned former California Governor Edmund Brown, Sr., in 1978, "I would support the Jarvis amendment."

The Bank of America donated $25,000 to the campaign to defeat Proposition 13, the Jarvis-Gann amendment, as did Atlantic Richfield. The California Chamber of Commerce condemned it, and the president of the Los Angeles chapter chastised the proposal as a "fraud on the taxpayer that will cause fiscal chaos, massive unemployment, and disruption of the economy." Los Angeles Mayor Thomas Bradley denounced 13, saying it would "hit the city like a neutron bomb, leaving some city facilities standing virtually empty and human services devastated." Governor Jerry Brown branded the initiative to cut property taxes to 1 percent of a home's market value as "consumer fraud" and a "ripoff," while a Republican state senator predicted that its passage would result in the largest economic depression ever seen in American history. Public employees conducted a costly televison advertising campaign to alert voters to the imminent disaster that would be felt—closed schools and parks, crippled fire and police services, and deteriorating streets, public utilities, and libraries. The UCLA Business Forecast Project made a widely publicized estimate that as many as 1,250,000 persons would be added to the ranks of the jobless within a year and a half—if voters approved Proposition 13.

In July 1981, while researching a story for *Reader's Digest*, researcher Sissi Malecki interviewed several public officials who had fought strenuously against the tax limitation proposal. She was repeatedly met with blank stares and forced grins. They told her

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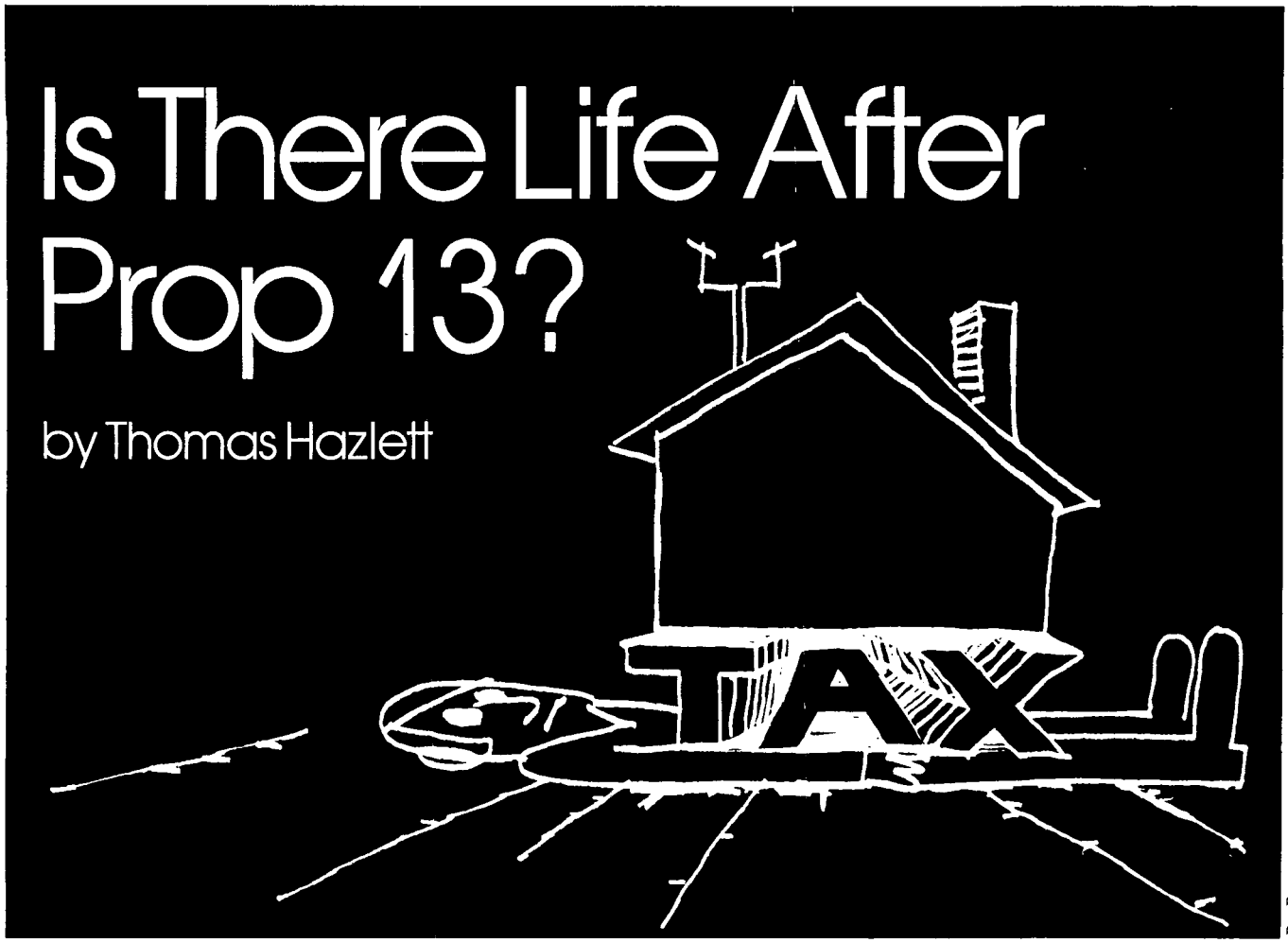

BOB BRIGHT

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the same story, time after time: "We don't know why you're interested in Prop 13. There have been a lot of things to happen to California in the past three years. You can't really focus on any one issue. Prop 13 wasn't that big a deal." From Apocalypse Now to sideshow, in three short years.

And back again. Because the past year of economic recession has sent state and local revenues tumbling, current headlines deluge us with, as an especially popular wording has it, "Proposition 13 Chickens Finally Coming Home to Roost." The stories are to the effect that, even though California miraculously managed to avoid catastrophe for nearly four years, *now* it's going to start collapsing. But back in 1978 no Prop 13 antagonist was claiming that the tax cut would wait precisely three years and eight months and *then* the dam would burst. The shrill opposition forecast imminent doom—and was all wrong.

California's economy, which was projected to crash, created over 1 million new jobs in the three years following the tax slash that passed in June 1978 and went into effect the following month. The private sector easily swallowed up the 103,000 public-sector jobs lost. Of the positions foreclosed, only 9000 were ended by termination notices; the remaining cuts were accomplished through simple attrition.

The private sector responded so vigorously to the property-tax cut that jobs were being created faster in California in 1979, the first full year of the lowered tax rate, than in any nonwar year since 1945. As the *Economist* reported in January 1980: "There is now widespread agreement among economists, academics, financial experts, corporate leaders, and even government officials that Proposition 13 has been resoundingly good for the state, and a stimulus to its economy." The California unemployment rate, characteristically about one point higher than the national average, dropped significantly below the norm for the first time in the aftermath of Prop 13. "In 1978 and 1979," observed the *Economist*, "increases in (California) personal income, corporate earnings, the rate of job creation, the growth of investment, and the gross state product have been outpacing every other state." As UCLA's Larry Kimbell, who fed the doomsayers' bonfires with his prediction of a massive recession, was forced to reassess: "It's very difficult to find the negative side. The economy has outperformed all the econometricians. It's been consistent with what the supply-siders predicted." June 6, 1978, may well come to be remembered as The Day The Kooks Were Right.

If the "chickens are coming home to roost" in 1981–82 means that the state of California is teeming with woeful and repentent voters who yearn only for a chance to amend their tempestuous flirtation with the seductive Mr. Jarvis, someone has got some explaining to do. One and a half years after Prop 13, coauthor Paul Gann lobbed the voters another ballot initiative to limit total state spending to a diminishing fraction of private income. It passed by the "slim" margin of three to one. A proposal to weaken one of Prop 13's provisions so as to make it easier to raise taxes was trounced on the November 1980 ballot. And last June Los Angeles voters, offered a chance to beef up the police corps with 1400 additional officers (an increase of 20 percent) through a modest tax on real estate, bounced the measure on a tally of 42 percent voting for and 58 percent against (with the proposition requiring *two-thirds* to pass, thanks to a provision in Proposition 13). "The spirit of Proposition 13 is at last producing its own hard tests," concludes the *New York Times'* Tom Wicker, "and there are omens that the people are standing by their instinct to cut back."

It is important to realize that this instinct does *not* mesh with Reaganite supply-side jargon, which equates tax cuts with increased cash flow into government coffers. What supply-siders ignore, and what voters are seeing very clearly, is the simple reality that tax cuts are not an everybody-wins ball game. The frustrated taxpayers want not only to reduce constraints on productivity and economic growth, but also to redistribute income *away* from government bureaucrats *back* to those who create the wealth. This fundamental truth behind the tax revolt is shocking to many, including the Republican former California Assemblyman Paul Priolo. During the tumultuous Prop 13 campaign he sighed, "Whenever I tell an audience that Jarvis will bring local government to a halt, all I see are smiling faces." The same gleeful vindictiveness haunted former U.S. Senator George McGovern into calling Golden State ballot abusers "greedy" for their endorsement of Prop 13; it remains unexplained why it was greedy for people to vote to *keep* their money, but not greedy for government revenue agents to *take* it.

AND THE PUBLIC SECtor was especially good at taking. Between 1960 and 1977 per capita taxes at the state and local level rose a whopping (but not "greedy") 341 percent on a national average—an increase of better than three times the rate of inflation, and even twice the real (inflation-adjusted) increase in federal spending over the same years.

Stanford University economist Michael Boskin, in an analysis of Proposition 13 published in the *National Tax Journal*, reviewed some interesting economic trends of the past decade, and concluded that taxpayer anger is a rational reaction to years of economic frustration. Analyzing recent income data to discern the financial progress made by American wage-earners from 1973 to 1977 (five years inclusive), Boskin, somewhat startled, discovered that once increased government expenditures and inflation are subtracted from our pay *"there has actually been a decline in private real income per worker!"* (Emphasis in original.) This contrasts sharply with previous years. Between 1947 and 1973, for instance, real income per worker (again subtracting government expenditures) increased 3 percent annually. Such increases have been halted—for private wage earners, that is, but *not* for governments, which found the inflation of the 1970s to be a lucrative fundraiser, thanks mostly to the genius of the graduated income tax. (Each time the price level increased 10 percent, for example, government revenues rose 16 percent.) Government spending easily outpaced inflation while private workers were going through the most prolonged period of zero economic growth since, without exaggeration, the Great Depression. As Professor Boskin puts it:

> Citizens faced the following scenario in 1978: a half-decade of much slower than normal real economic growth; virtually all of that growth flowed into government spending; large legis-

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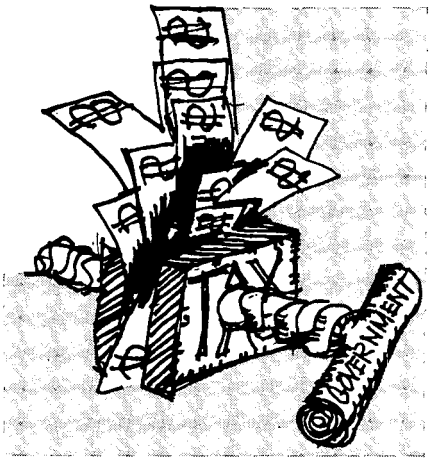
lated future payroll tax increases (social security); a tax system that accrues revenues far in excess of income growth and a recent pattern between government and private spending which a wide spectrum of the population almost certainly wishes to discontinue. And we cannot understand the mood of the voter, the discontent with taxes and government spending.

Democracy is an awkward process, and Proposition 13 was certainly not drafted in heaven. It has brought rent controls to cities that always resisted them ["The New York Disease Heads West," *INQUIRY*, May 26, 1980], it promotes serious tax inequities against new, generally younger, home buyers, and it is tainted with some other antisocial consequences as well. But perhaps it can also be said that there was a subtle element of genius at work. The tendency to drain away *all* increasing real income into the public sector has been reversed in California, and the salubrious economic ramifications are manifest—to the amazement of all the doomsayers.

Fueled by the success in California's taxquake-safe economy, the tax-slicing fires have been spreading, and at least seventeen states around the nation have been Jarvis-ized by voter-approved tax limitation measures. The most important has been in Massachusetts. Confronted by the now familiar claims of gloom and grief, "Taxachusetts" voters took the tax-cut plunge in November 1980 by endorsing, 59 percent to 41 percent, an initiative called Proposition 2½. While not a state constitutional amendment like Proposition 13, the referendum caps Massachusetts property-tax rates at 2½ percent of market value, down from a statewide average of 3.4 percent, and a Boston rate of 10.2 percent.

Unlike its model in California, this slash in property taxes was strongly supported by a substantial segment of the business community. The string of jet-age engineering firms stretching along Route 128 through Cambridge and Boston has spearheaded a Massachusetts economic resurgence in the past five or six years, lowering the state's unemployment rate from nearly 12 percent to under 5 percent—the lowest in any of the important industrial states. But Massachusetts property taxes, second only to Alaska's, were beginning to reverse the trend. Hi-tech companies were scurrying across state lines to southern New Hampshire and Vermont where, according to *Barron's*, "state and local taxes, housing, and transportation costs for an electrical engineer and his family can run $2000–$3000 a year lower." Overall, between 1964 and 1977 the percentage of private income spent by state and local governments in the commonwealth increased from 11.6 to 17.2, double the growth rate in other competing industrialized states. Not surprisingly, high-skilled labor was starting to vote with its feet.

Prop 2½ has turned many of them around. By the time the tax cut was enacted last July, some 45,000 new jobs were created at member firms in the High Technology Council, a business organization that lobbied in favor of the initiative. When multiplier effects from these new workers are included (i.e., the newly created jobs in outside businesses resulting from the increased level of demand), private-sector expansion will, as in California, easily engulf the aggregate public-sector job contraction, which has been some 20,000 jobs or approximately one-tenth of the total state and local payroll. Of these, less than half (about 8000) were actually fired, the remaining reductions occurring by attrition.



Prop 2½ does not mandate immediate tax reductions down to the 2½ percent limit in all jurisdictions, but allows the highest tax-rate municipalities to lower the bite 15 percent a year until the 2½ percent limit is reached, and holds future tax increases to 2½ percent a year thereafter, regardless of the rate of price inflation. The upshot is that Boston taxpayers will be enjoying absolute tax reductions from now through 1986. Lowering the current 10.2 percent rate to 2.5 percent will dramatically affect Boston, a city that was experiencing financial woes even prior to Prop 2½. "The Boston public schools," reports *Barron's*, "have long been a financial disaster area." In 1980, for instance, the schools had insufficient funding to finish the academic year. In 1981 Mayor Kevin White's budget called for school spending of $195 million, but the apparently uncontrollable school district ended up exceeding that figure by about $75 million, according to "independent budget analysts." In better times, Mayor White had been heard boasting to reporters, "Hey, I'm a spender."

Exploding school costs are somewhat difficult to explain in the present era of rapidly declining enrollments. Boston's public schools have lost one-third of their clients over the past decade, yet spending has soared. The phenomenal result is that per-pupil spending now stands at nearly $4000 per year, excluding those children in "special education" programs mandated by the state, the courts, and Congress (where costs can range up to $30,000). The City of Boston could, in fact, *save money* by shutting down its public schools, and handing out $3500 scholarships.

Yet saving money, even when it would improve the service received, seems to have little appeal to the city fathers. Mayor White's chief economic aide, David Rosenbloom, states bluntly that "I'm not convinced that we're overtaxed as a society." Perhaps such a viewpoint provides the foundation for White's rather personal treatment of city funds: Last year a court found that the mayor had sifted $1.5 million out of various city budgets to fund what amounted to his own political campaign machine. Patronage considerations result in bloated personnel rolls at the Health and Hospitals Corporation, and the state-run public transportation system is so dominated by union-enforced featherbedding that labor costs per passenger mile are the nation's highest. By any comparison, Boston public spending is enormous: Annual per capita local expenditures average $1450 as opposed to $613 in Cleveland or $424 in Pittsburgh.

Where political machines have less control over public revenues, getting cutbacks has been tough but feasible. When Prop 2½ came to Natick, a Boston suburb, one response was to cut

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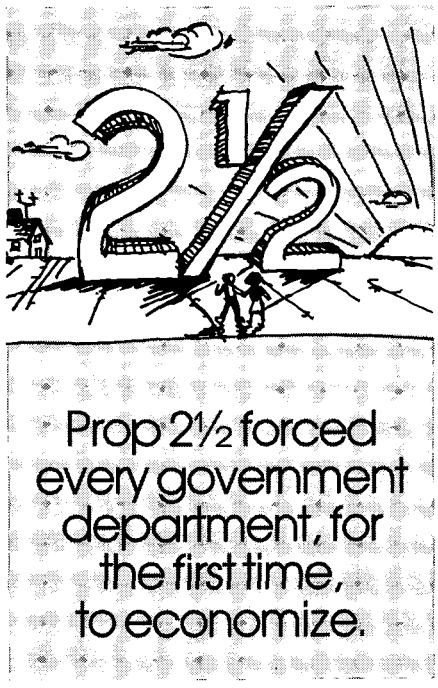
the "frills" that had driven up educational costs. Declining enrollments had sunk the school population from 8800 in 1970 to but 5665 in 1980, yet school personnel had remained constant. Faced with smaller revenues, the Natick school board finally began cutting; the cuts were made logically and the results seem satisfactory. "One of five positions in the central office, the assistant superintendent of personnel, has been eliminated," reported *Phi Delta Kappan,* the educational journal. "So have the directors of curriculum and music. The directors of guidance, of psychological services, and of physical education go back to the classroom part time. Only the directors of athletics and of special education remain as full-time directors. At the school building level the number of principals and vice-principals has been cut from nineteen to ten."

Administrative personnel suffered heavy cuts; losses in actual teachers were minimal. "Originally the budget called for the release of 82 classroom teachers, nearly 25 percent of the teaching staff," the magazine continued. "This would have driven the pupil/teacher ratio at elementary schools from 22:1 to 29:1. After strong objections from parents, [the superintendent] brought the ratio down to 25:1 by eliminating art instruction by specialists, reducing the number of music instructors, and transferring $100,000 from a transportation account to a personnel account when a bid came in below estimate." The magazine noted that "while these reductions seem reasonable" to an average citizen familiar with school finances, "to educators they appear 'devastating,' a word often on the lips of public employees these days."

Which, as in California, really does get us to the heart of the matter. Complaints are found to accompany public-sector cutbacks, but these complaints do not come from private citizens frustrated over the lack of adequate public services; they come from bureaucrats with less money to spend. While the *Phi Delta Kappan* finds that "no major program at Natick High School has been eliminated," public-sector workers describe only "devastating" results. What is, in fact, "devastating" is the unpleasant exercise of judging how best to reduce one's intake during a



time of economic hardship. "The school department had to knuckle down and see where it could economize and still maintain an adequate program," reports the Natick chapter president of the League of Women Voters, Marcia Kaufman. As one who openly opposed Prop 2½, she now concedes, "If Proposition 2½ did anything, it caused every town department to do that."

THE CHILLING SHRIEKS of government officials coming eyeball to eyeball with economic reality can be heard almost everywhere between California and Massachusetts as well. While the state of Ohio recently opted for a tax increase totaling $1.3 billion to solve the current fiscal crunch, the more popular solution is across-the-board spending reductions. "We're at a stage where we're probably going to see . . . shrinking (state) government," concedes Steve Gold, director of intergovernmental finance for the National Conference of State Legislatures. For the fiscal year ending June 1981, state revenues across the country were finally held below the rate of inflation, increasing 8.9 percent as contrasted to a price rise of 10.7 percent. (In comparison, state taxes *tripled* from 1970 to 1980, while prices were doubling.) In 1981, for the first time in nearly thirty-five years, the total number of public employees declined. State and local governments lost 276,000 from their ranks.

The city of Saginaw, Michigan, where permanent full-time local government employment has been slashed from 1000 to 650 in the past two years, shows how local governments have been leading this trend, releasing some 246,000 workers nationally in the year ending October 31, 1981. Responding to a stern measure passed by voters in November 1979, the Saginaw city council has had to trim almost every aspect of city service. The initiative, crafted by two of the nine city council members, limits local property taxes to the total dollar amount raised in the 1978–79 fiscal year. Now, as property values rise and new buildings come on the tax rolls, the property tax rate will have to be lowered, for the amount the city takes in through property taxes is strictly frozen, without even an inflation increment allowed. The budget cuts have been dramatic: The city's 1979–80 budget of $25 million is now $23.6 million and is expected to fall still further in 1982–83. The inflation-adjusted tax cut approaches one-third in just three years.

But if this has necessitated a drop in public employees by a third, the public-safety positions, fire and police, were cut much less than that: Police were trimmed by 18 percent, and fire by just 11 percent. If these cuts still sound drastic, it should be noted that the city's population dropped from 91,000 in 1970 to 77,000 in 1980, a loss of better than 15 percent. The "draconian" tax cut has at least forced the city government to, as city financial director Harold Saunders puts it, "get our work force down in line with our shrinking population." Saunders has a tough and in no way enviable job, running a city on considerably less money each year, but a fundamental change in government spending habits seems to have been the long-run outcome. While expressing concern that Saginaw is "lowering the quality and quantity of services," Saunders notes that there is a strong push to economize as never before. Savings may be effected through competitive bidding in the private sector for building maintenance and the operation of the city-owned cemetery. User fees are also being given a hard look; there is a new attitude that "when at all feasi-

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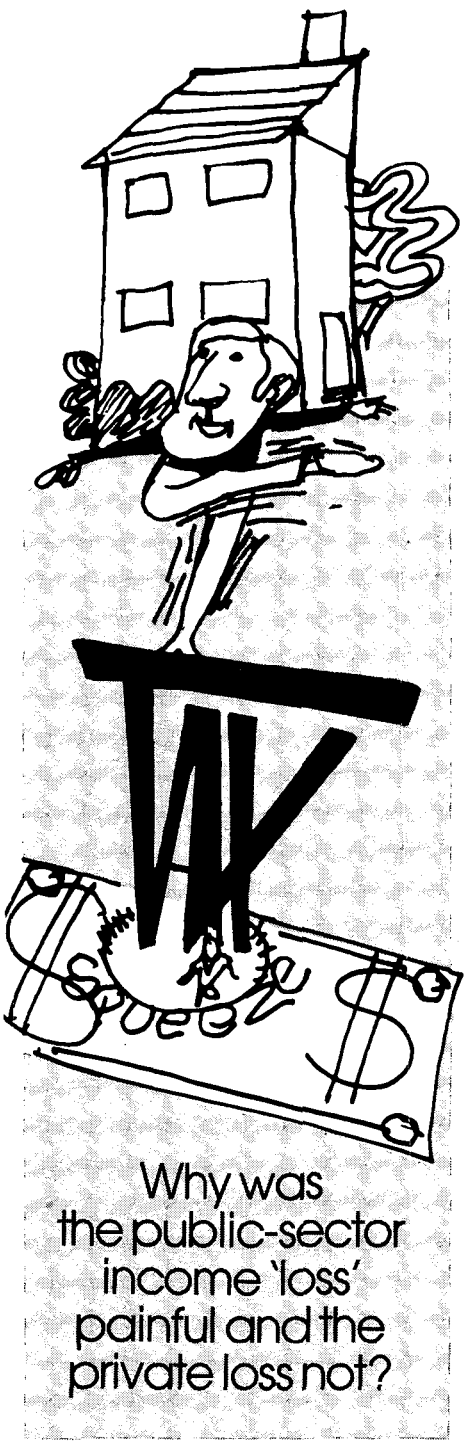
ble," says Saunders, "we should be charging the people who use the service." This has led city officials to consider ending subsidies to groups using the city center facilities.

Caught in the eternal conflict between irate taxpayers on the one hand and an expensive menu of public programs on the other, Saginaw, like other cities, is taking a markedly new course. As Saunders sees it, it requires no less than an entirely new definition of what is meant by "public services." "People will have to understand that they're only going to get the services they're willing to pay for," he says. "Those are painful choices. You have your constituencies and interests that are formed around the receipt of certain services." But for the moment, in Saginaw the interests with the political clout *pay* the taxes, rather than consume them. No move is afoot to restore the missing tax revenues, and the town council now contents itself to wait for the economy to pick up, and to take Saginaw with it.

One city in America, one much larger than Saginaw, has been in such dire financial straits that it couldn't afford to wait for the economy to pick up. In what may be the most bizarre datum in the entire tax-revolt experiment, a reformed taxaholic government has seen New York City's economic base expand impressively for the past several years—while the national economy has been teetering on the brink. This is a colossal turnaround for a city that used to suffer far worse than the rest of the country during times of recession. The cause appears to be a new fiscal restraint imposed in the wake of the city's 1975 bond default, the ensuing string of federal bailouts, and the closet pro-taxpayer politics of Democratic Governor Hugh Carey. Reversing the ultra "progressive" tax policies of the Rockefeller-Lindsay years, which saw state and local taxes in New York City increase at twice the national rate, the 1977–79 period witnessed a tax *decrease* of just over 3 percent per capita. "Long-term job loss," noted the *Wall Street Journal* in late January, "which reached a devastating 367,000 statewide from 1970 to 1976, didn't occur at all in last year's recession." New York City's unemployment has consequently dropped below the national average.

Carey's plan has, in a direct way, out-Reaganed Reagan. "Unlike the national across-the-board rate reductions," writes the *Journal*, Carey "concentrated his cuts in the top state brackets. By the end of the [tax-cutting] program last year, he was simply lopping off one top bracket a year, cutting the maximum rate by a third, from 15 percent to 10 percent. Rockefeller's attempt to soak the upper middle class had been such an obvious disaster that even municipal labor leaders backed the change." Carey has also passed along the federal tax rate reductions in his state income tax schedules. This move will cost New York State some $500 million annually by 1986, but "cut" is the word. The political logic has changed: Governor Carey's senior legislative assistant now warns the legislature in Albany: "Don't expect the usual election-year budget, because we can't afford it." The *National Journal*'s Neil Pierce draws his own conclusion: "The tax jitters that a politician like Carey exhibits suggest that the great national tax revolt, exhibited first in the states and then in Ronald Reagan's election, is far from dead."



In the public debate over spending reductions, the benefit of decreased tax loads, that is to say the increased private incomes, is never reported on, while the more visible ill-effects of terminated public programs—each of which must have *some* reasonably vocal constituency or it would never have been created—dominate the "news." Television newsmen couldn't find the real beneficiaries of tax cuts even if the thought occurred to them: Who knows exactly which workers or capitalists are richer due to increased (private) demand for their product? That the economy, on the strength of tax cuts, may be creating better opportunities for the very public employees facing layoffs will not even be known to the workers themselves until they are tossed into active search for new employment, at which time they are no longer newsworthy. When the *Los Angeles Times* began a recent front-page story on state finance problems around the country, the lead sentence began: "There are new taxes in Ohio, painful budget slashes in Michigan. . . ." Why was the public-sector income loss "painful" and the private loss not?

Those Michigan spending cuts, moreover, come after enormous decreases in private earnings due to Motown's auto-industry collapse, yet not a word in the article mentions the problems faced by *private*-sector workers in a bad economy. The *Times* makes sure to inform us that state revenues are only about the same as two years ago despite the ravages of double-digit inflation, that the squeeze has resulted in 4300 state layoff notices, that 3000 additional jobs have gone unfilled when vacated, and that some 9600 state employees remained

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on the job only by accepting pay reductions of up to 10 percent. But the question the *Times* fails to raise (and for this it should be scolded no more than any of its major rivals) is: Should a state blindly continue its spending binge when its citizens are facing a depression?

MORE AND MORE, the current wisdom answers, "No," but the current wisdom is slow to percolate to the *Times* front page. Engaging in the most primitive sort of Keynesian "pump-priming" fantasy, the *Times* reveals that state-financed public works have "traditionally made major contributions to the national economy" in avoiding recession, a statement Keynes would himself snort at. (Keynes wanted *deficits* to stimulate the economy, and in this country long-term deficits can only be run at the federal level.) The continuing characterization of public-sector profligacy as an economic elixir, despite all evidence to the contrary, is explicable only as the romantic babblings of those who have been seduced—and shamelessly exploited—by the charms of government megaspending.

It has taken the second most stunning tax revolt in American history to make government spenders pay attention to the government funders. But the message, under the brute club of "devastating," "greedy," "meat-ax" tax cuts, is getting out so loud that no one who expects to deal with America's middle class can turn a deaf ear. Even Santa Cruz, California, boasting the trendiest in space-age "progressivism," hears the signal well: "We're not an old-time liberal city council," says council member Mardi Wormhoudt, of the Democratic Socialist Organizing Committee. "Whenever possible, we will rely on the assistance of grassroots groups, rather than expand government services. And often it's a question of simply changing the city's priorities instead of spending more money. We have a completely different definition of what is a frill and what is essential." And the tax movement has convinced the leftish *Mother Jones* that, if the Democratic Party is to regain the reins of power, "they must do it without promising much in the way of increased spending or higher taxes on the middle class." They defer to the judgment of Lee Webb, of the Conference on Alternative State and Local Policies: "The question is whether liberals are capable of providing a program in a period when government revenues are not growing."

On the other hand, public spending in California has hardly been reduced to pocket change. Though the daily news there includes an obligatory Prop 13 horror story featuring a government ward struck down by the plague of reduced economic opportunity, welfare benefits in California are still the second highest in America. Furthermore, the new austerity seems not to have affected the well-being of those who remain on the public payroll. "Public officials and others who have evaluated the aftermath of Proposition 13 agree," reports the *New York Times,* that it "generally did not slow the increase in average wage levels for public employees." This fact merits our interest: Have the public-employee unions offered to soften the blow by lowering their wage demands, thus freeing funds for, say, child day-care? According to the *New York Times,* in fact, they've done just the opposite: "Public schools and police and fire departments, which have the most militant employee unions and the strongest lobbies in Sacramento, have increased their proportionate share of tax revenues at the expense of public services without effective lobbies, such as libraries and parks and recreation departments." And in a recent battle to decide union representation for the California State Universities and Colleges, a union pitch baldly sums it all up: "Everybody says that the 'golden goose' era is over—that the years of a bulging surplus in the state budget are gone forever. To get our share of what there is, we in CSUC *must* have the strongest lobbies in employment and education. Protect *your* share of the pie by voting for . . ."

Clearly, the era of the golden goose and the ever-expanding public pie is now a thing of the past. The common man today stands ready to vote for less government—a fact that continues to sober and perplex established political observers who never would have thought such a thing possible. Even now, the pain of private families cutting out a weekly night at the movies, or a valve job, or a new water heater seems not to captivate the national news media, which remain fascinated by those government workers who find they have less money to spend than in the old days.

The smugness in the megaspending camp that warns, "Just wait until they find out what less government really means," is fading steadily. They waited in California, and found an economic prosperity that so quickly became the envy of the nation that dozens of states scrambled to share in it. But that was just the beginning. The greatest fear of the big spenders is that when the balloon of public budgets is pricked and goes sputtering down to earth, their own political bubble will burst as well, as more and more voters come to believe that taxes primarily benefit those who gobble them and hurt those who dish them up.

Serious social and political trends are neutralizing and reversing the impetus toward increasing government. Economist Michael Boskin has considered the fact that for an increasingly large percentage of Americans, taxing and inflation have been the leading economic problem in their lifetimes and that government is perceived to be the chief villain. That their level of discontent, manifested in antigovernment tax-cutting measures, should be on the rise is not surprising. Boskin concludes that "the timing of this discontent manifesting itself politically may not be so surprising, either: *1978 was the first year since the Depression that a majority of the voting age population was born since the Depression* [emphasis Boskin's]." Those whose memories reach back to the Depression may recall government as the economic fixer of first resort, but the inexorable political fact is that there are fewer and fewer voters who retain such fond memories. The newer political reality is one of government excess, error, and avarice.

If the chickens of Prop 13 and other tax-cutting measures are coming home to roost, it is the dreamy-eyed tax-spenders they have come home to. As the younger generation struggles to pay off the promises of yesterday's political heroes, the yelps of the public sector sound less and less convincing. The burden of placating them becomes more and more exhausting. And the snowball gathering for real reductions in government spending may yet be only at the summit of a very large mountain. ■

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Books

The New Right Papers, edited by Robert W. Whitaker. St. Martin's Press, 226 pp., $12.95.

Post-Conservative America: People, Politics, and Ideology in a Time of Crisis, by Kevin P. Phillips. Random House, 320 pp., $14.50.

Speak Out: Against the New Right, edited by Herbert F. Vetter. Beacon Press, 188 pp., $14.50.

The new authoritarians

ROY A. CHILDS, JR.

IN THE IMMEDIATE AFTERmath of Ronald Reagan's sweep to power, an uproar was heard from two different quarters of the American political scene. In the offices of the victorious leaders of the emerging New Right, there was a great deal of strutting and beating of chests; across the political barricades, in the liberal camp, there was much handwringing and proclaiming of apocalypse. "What did we do wrong?" the liberals were asking ingenuously, having failed to recognize how far removed from their constituents they had actually become. For years they had belittled predictions and warnings of a swing to the right, and now they had no idea of how it had come about, or how profound it was.

The growth of the New Right over the past half-dozen years has been one of the most complex and remarkable shifts in modern political history. That movement is as different from the older Right as George Wallace is from Barry Goldwater. It has groped its way to a position that free-market conservatives find nearly unrecognizable, while developing an organizing strategy that combines the grass-roots activism of the 1960s New Left with modern direct-mail computer wizardry. The New Right is politically sophisticated, and knows what it is after: the replacement of what it sees as a liberal establishment by its own populist, authoritarian movement. In a profound sense, then, the New Right is not conservative at all; it is a radical, even revolutionary, movement, as scornful of conservatism as of liberalism, as hostile to a *laissez-faire* free market as to socialism.

While in many ways the New Right has been under construction since the Wallace for President campaign of 1968, it has only come of age in the past few years. In his essay in Robert Whitaker's *The New Right Papers*, Richard Viguerie claims that "if there was a single moment you can point to as the beginning of the New Right, it came in August 1974." For years conservatives had worked within the Republican Party, but they faced one humiliating defeat after another, as their congressional leaders compromised and sold out to Republican "moderates." Then, in 1974, Nixon resigned; Gerald Ford became president and chose the hated liberal-Republican Nelson Rockefeller as his vice president.

"The night after Ford's announcement," Viguerie recalls, "I held a dinner for about fifteen conservative friends in Washington to plan a strategy to stop Rockefeller from winning confirmation." But it was no use; the liberals in both parties had victory locked up. And there was the problem, Viguerie thought: Liberalism was in fact an independent power transcending the two major parties, while conservatism was not. Viguerie, together with his associates, resolved to make conservatism into such a force, so that Republicans could no longer take their support for granted.

The frustration of these New Right leaders—the name was given to them by Kevin Phillips in 1975—led to a whirlwind of dedicated activism, organization, and fundraising. Their aim was to take control of the Republican Party, or to start a new party if they couldn't, in order to overthrow the liberal establishment and assume control.

WHY DO THEY DESPISE the liberal establishment so? To hear them tell it, it is for fine, Jeffersonian reasons with which a libertarian could readily sympathize. They and their constituents regard liberalism as tyrannical, as an alien force in American society that has seized power and is using the federal government to impose on them an agenda they find loathsome.

The best expression of this sense of having been violated is the essay in *The New Right Papers* by Samuel T. Francis, legislative assistant to Senator John East (R-N.C.), himself one of the most prominent leaders of the movement. The New Right, he says, is a populist response to "perceived injustices, unrelieved exploitation by anonymous powers that be, a threatened future, and an insulted past." He uses Donald Warren's concept of "Middle American Radicals" (MARs), who are resentful of both the rich and the poor, since "the rich give in to the demands of the poor, and the middle income people have to pay the bill."

Many of the New Right theorists identify a "new ruling class," and Robert Whitaker, head of *The Populist Forum* and a conspicuous participant in the West Virginia textbook con-

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troversy, refers to "the underlying class struggle that is building in America." The ruling class under attack is the liberal elite. According to Whitaker:

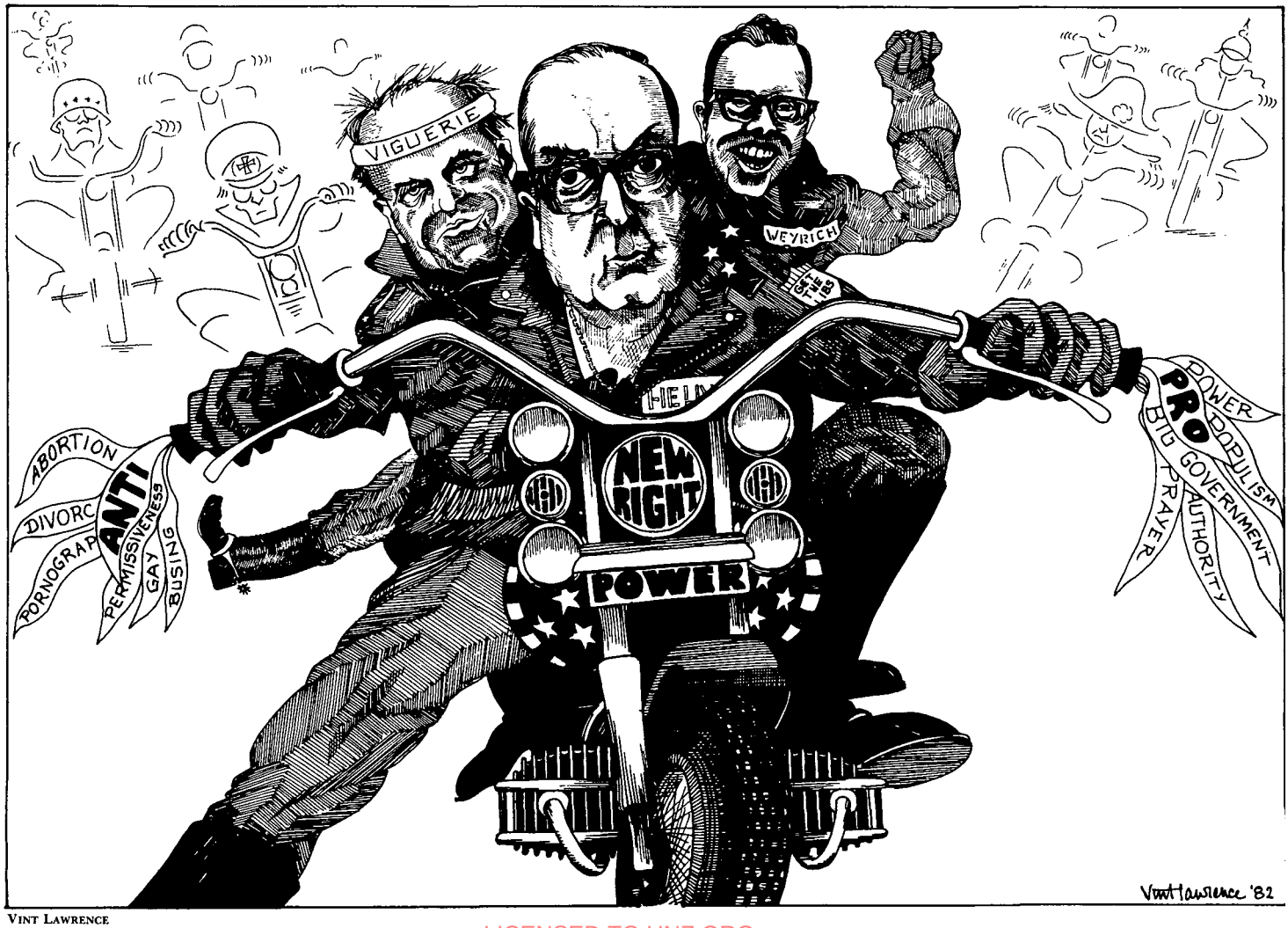
> This elite seized power in the political and economic crisis of the Depression. The chief instrument of its rise to power, then and in the following decade, was the state, especially the federal government, more especially the executive branch.... In domestic affairs it has favored federally-funded economic planning and social engineering for the purpose (at least ostensibly) of realizing its liberal ideology.... In political theory it abandoned the idea of a neutral government based on impartial laws and administering equal justice and associated itself with a concept of the state as intimately involved in social and economic processes as an architect of desirable social change.

As Whitaker writes, the liberal domination "is carried out through programs to achieve racial balance, 'progressive' education, the discrediting of traditional values and parental authority, and imposition of a new ideology and morality."

These themes run throughout the New Right rhetoric. For them, the watershed of liberalism came in the 1960s, when the Democrats more or less officially became the party of social engineering and began using the federal government on a massive scale for their assault on traditional values. But now, according to the New Rightists, liberalism is happily on its way out, discredited and unpopular even in many of its former strongholds; it has been reduced to a small, still powerful upper crust in guarded but hasty retreat, "protecting itself behind unelected judges and bureaucrats, and able to impose its will to the exact extent that it can avoid subjecting its dictates to the consent of the governed."

This in turn has bred a great frustration with the democratic process. There are dark hints, scattered throughout Whitaker's collection, as well as in Kevin Phillips's fascinating *Post-Conservative America* (recently excerpted in, of all places, the *New York Review of Books*), that democracy itself is being discredited and that violence may be necessary. Whitaker, in calling for a social-conservative victory, warns that "this may be our last chance to prevent a major part of the American electorate from abandoning present political approaches and turning to desperate and dangerous alternatives." Liberal control over the traditional means of expression for working people—unions, local government, the press, and even most churches—is smothering legitimate protest, and the traditional result of that, Whitaker warns, "has been to make the final overthrow more violent and more dangerous." The extent to which this would actually be *welcomed* by New Right leaders is a matter of conjecture; one contributer to the Whitaker volume, Samuel T. Francis, openly embraces "Caesarism."

IF THIS WERE MERELY political theorizing, it would be appalling enough, but armchair analysis isn't the New Right's style. Instead, it has identified an angry, frustrated constituency and is shaping



VINT LAWRENCE

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its political platform to attract these people and thus climb to power. Despite its moving laments on the excesses of government power—what supposedly led to the formation of their movement in the first place—the New Right has jettisoned the old conservative principle of limited government and the libertarian principle of the free market. For the sake of gaining and keeping power, it is willing to promise the various segments of its coalition whatever they wish, at whatever cost to the rights of others. In this respect, the New Right is really the creature of liberalism, and its mirror image.

Liberals, after all, constructed a massive state apparatus designed to hold together the elements of the old Roosevelt coalition. The New Rightists accept many of the institutions the liberals created, but in place of a big government manipulating society to promote liberal values, the New Rightists want to use state power to promote social-conservative and nationalistic values. The degree to which this involves acceptance even of such previously abhorred policies as central economic planning may surprise some readers.

Speaking of both the New Rightists and those to whom they hope to appeal, Kevin Phillips observed that their "fundamental political loyalties are to antiestablishment cultural and social values, not to the free market." Paul Weyrich, who, together with Richard Viguerie, is probably the most influential of the movement's managers, points out that many of its leaders are the children of parents who were devoted listeners to Father Charles Coughlin on radio in the 1930s; moreover, he insists that "the Old Right's 'live and let live' idea is not reflective of Christian social teachings. A common assumption of New Right activists is that government should support certain moral truths."

Thomas Fleming, the editor of *Southern Partisan* and a writer for *National Review* and *Conservative Digest*, carries this one step further, openly attacking both capitalism and freedom of choice, in the name of—what else?—the Family: "The power residing in freedom of choice is only a power of repulsion within the family. It can only cause family members to fly apart, to dissociate. It cannot attract or hold them together." Women's competing in predominantly male job markets Fleming regards as "unfair," and he rejects the right of divorce, claiming that married couples—even if they both agree to separate—should instead be held to their marriage vows by the state. This author even has the nerve to serve up to us some proslavery rubbish, praising the nineteenth-century southern apologist for both slavery and socialism, George Fitzhugh, for his defense of "traditional" southern agrarianism, and citing Governor James Hammond of South Carolina (1842–44) in these terms: "To the Yankee critics of the Southern system, Hammond pointed out that the North's economic system was an infinitely more ruthless form of slavery and exploitation than anything that existed in the South."

If the New Right is successful, what kinds of economic policies would it enforce? Predicting the continuation of

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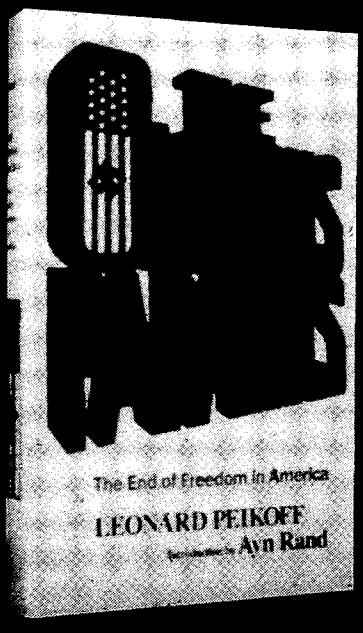

THE OMINOUS PARALLELS

The End of Freedom in America

by Leonard Peikoff

What is required to turn a country into a dictatorship?

How did the Nazis accomplish it?

Is it happening here?

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the general trends that have led to the birth of the New Right, Kevin Phillips sees a trend toward "an ideology and set of policies that aim to reestablish, even enlarge, the role of government in the economy—some form of central planning that would encompass a partnership between business and government," but which would be more corporatist than liberal. (One is tempted to ask: Where has he been? This has been in place for most of the twentieth century.) This big business–New Right alliance "would be based not on nostalgia for free-market economics, but on a corporatist approach—something that could be called an 'Economic Security State.' This would require a greater degree of management of capital and resources by the federal government to promote economic growth, reindustrialization, and better U.S. trade balances. The politics of such a regime would simultaneously maintain and protect national heavy industries in the name of national defense, as well as vigilantly take care of the needs of farmers, wage earners, pensioners, and the middle-class alike."

Phillips's prognosis is confirmed by the essay by Samuel T. Francis. Referring condescendingly to the free-market ideas of von Mises, Hayek, Friedman, and Laffer, Francis avers that "it is doubtful that the MAR [Middle American Radical] coalition and its allies in the Sunbelt regions will continue to focus on this classical liberal principle." The following astonishing statement by this aide to Senator John East—who himself is the protégé of Senator Jesse Helms—occurs on page 76 of *The New Right Papers:*

> It is more likely that MAR Sunbelt interests require a strong governmental role in maintaining economic privileges for the elderly and for unionized labor (where it now exists), that they will also require (or demand) subsidization of construction and perhaps of characteristic Sunbelt enterprises (energy, defense and aerospace industries, and agriculture). One New Right tactic would be payment of these subsidies and privileges out of the proceeds of taxing the Frostbelt and reorienting economic policies and legislation toward the South and West. For the New Right to embrace such a tactic openly (as well perhaps as a more favorable attitude toward protectionism) would be a frank recognition that the classical liberal idea of the night-watchman state is an illusion and that the MAR elite would make use of the state for its own interests as willingly as the present managerial elite does.

Francis goes on to say that in the Third World "violent resistance to planning and manipulation" will require "a more coercive response than managerial [i.e., liberal establishment] ideology can justify. The small producers situated in the Sunbelt require protection against cheap imports and access to the raw materials and resources of the Third World." Needless to say, Francis also proposes a "thunderous defense of moral and social traditionalism."

Other positions taken in *The New Right Papers* include: prodeficit, pro–unemployment insurance, pro–vouchers and food stamps (as opposed to conventional welfare programs), pro–government make-work schemes, pro–social security and medicare, pro–windfall profits taxes, pro–government support of religion, and, of course, pro–prayer in the government's schools. In foreign policy, the New Rightists would "transcend" the old right wing's anticommunism in favor of a more overtly nationalistic and even expansionist foreign policy.

Phillips does not shrink from using the term 'fascism' in discussing the New Right. He points out parallels with the Weimar Republic.

In discussing the New Right's program, Phillips, correctly, does not shrink from using the term "fascism." He points out the parallels with the Weimar Republic: the impact of inflation and the resulting resentment of the middle classes; the trauma of defeat in war; antipathy to changes in moral, cultural, and sexual standards; and the erosion of faith in the fairness and responsiveness of political institutions. The sum of these forces, in Phillips's view, would be a distinctively American brand of authoritarianism.

In short, at this point it is already clear that, taking everything together, the New Right represents a kind of cryptofascism, a casting off of the remnants of a free market in favor of a progrowth, pro-Sunbelt, managed economy united to a system of enforced conservative values, and a strengthening of the Warfare State.

CAN IT SUCCEED? IF our only hope were a revival of American liberalism, the New Right would have only token opposition. In the book edited by Herbert Vetter, *Speak Out: Against the New Right,* some twenty establishment liberals ranging from Norman Lear to John Kenneth Galbraith attack the New Right with the intellectual arsenal of liberalism. They don't even make a dent. Practically throughout, the book is filled with gaseous bilge, endless vagueness, and incomprehension concerning the whole popular appeal of the New Right. From Norman Lear we get a naive sentimentality; he likes the First Amendment, pluralism, diversity, and even the flag. This may make Lear feel good, but as a programmatic alternative to the New Right, it leaves something to be desired. Other essays defend television and the separation of church and state, mutter darkly about Richard Scaife, point out the horrors of nuclear war, and defend evolution. John Kenneth Galbraith shows the stuff of which intellectual dishonesty is made, when he finds himself utterly incapable, for example, of accurately representing Milton Friedman's views on how the poor can best be helped. The only contributions on target are George Kennan's "Cease This Madness," an eloquent essay on nuclear confrontation and the dangers of war, and Lester Thurow's "How to Wreck the Economy," which points out the disastrous effect the Reagan military buildup is likely to have on our economy.

But this liberalism is no match for the New Right. The contributors to *Speak Out* show absolutely no sign of understanding why their philosophy has failed. Clearly, liberals thought they could shove their economic, social, and foreign policy agendas down the throats of those who objected, and just as clearly they have proved to be wrong. Thus they created the conditions for a mass movement dedicated to getting rid both of them and their dubious works. They never expected the implementation of their program to cause a huge increase in government power, or government to become more and more embroiled in the customary ways of life of millions in the middle classes; nor did they anticipate

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that the huge increases in the money supply required to fund twenty years of deficits, and the consequent rampaging inflation, would drive those millions to near open revolt. The liberals were too smug, self-satisfied, and self-righteous. They still are.

Yet the New Rightists are badly mistaken when they talk as if it were liberalism, and that alone, which has produced profound changes in American culture and society since the mid-1960s. In part, these changes were merely extensions of the transformations—for instance, in the role of women—that have taken place throughout the twentieth century: The lifestyles of today's New Rightists would probably be frowned on just as much by their grandparents as those of today's younger generation are by the New Rightists themselves. To a great extent this development is the product of capitalism itself, which increases the people's well-being and provides them with an ever greater number of choices in life. New Right or no New Right, this continuing revolution is not going to be beaten down.

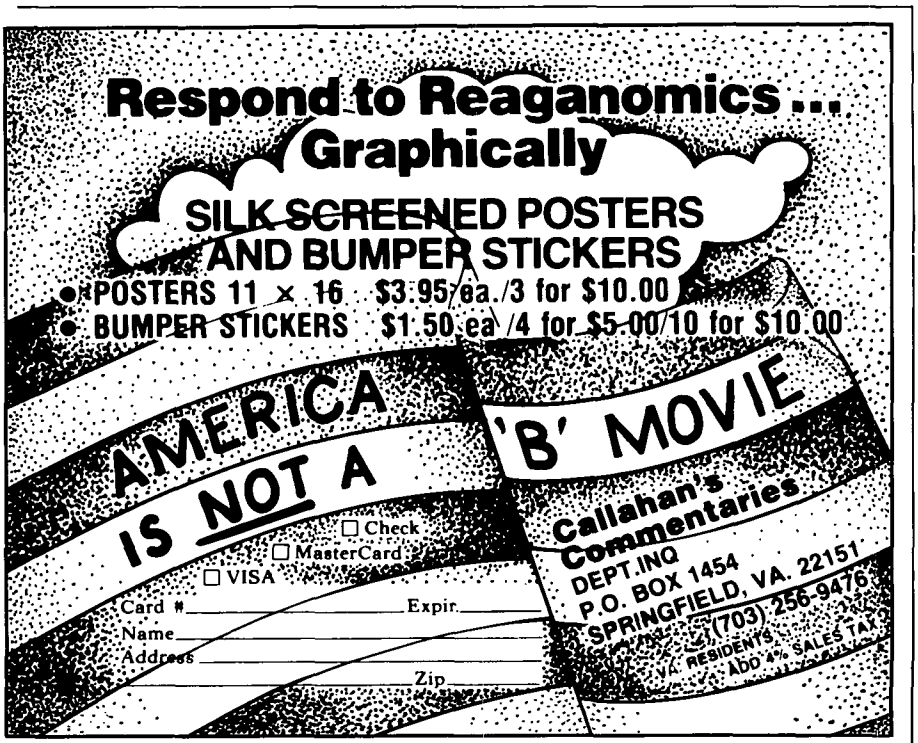
Evidence for this is furnished by Daniel Yankelovich's 1981 book, *New Rules: The Search for Self-Fulfillment in a World Turned Upside Down*. Yankelovich, a highly respected pollster, looks closely at demographics, but also at long-run trends in public attitudes, as shown both through individual choices and public polls. He sees an ethic of self-fulfillment gradually replacing an older ethic of ascetic self-denial; it is this new ethic, he argues, that is resulting in the upheavals we are witnessing. "The life experiments of self-fulfillment seekers often collide violently with traditional rules," he writes, "creating a national battle of moral norms. . . . When the values they cherish are challenged, people react passionately." Yet the demographics point in a direction which is not that of the New Right, or the Moral Majority and similar groups. A clear majority of the American people now share this ethic of self-fulfillment to some degree or other, while the Rightists are part of a dwindling minority. As for the Sunbelt, those who swell its influence by moving there will not necessarily adopt the values and lifestyles that the New Right believes prevail in that region. As Kevin Phillips wrote in his 1969 work *The Emerging Republican Majority*, "The persons most drawn to the new sun culture are the pleasure-seekers, the bored, the ambitious, the space-age technicians and the retired—a super-slice of the rootless, socially mobile group known as the American middle class." This hardly sounds like the ethic of self-denial at work, nor does it really reflect the values of social conservatism.

But in any case this cultural civil war is not so much an inevitable warfare over lifestyles, as it is the result of two groups, liberals and conservatives, each trying to impose their own values by government action, that is by force. In the past, conservatives tended to be in favor of laws enforcing segregation and establishing "separate but equal" schools, controlling sexual behavior, and banning abortions and even birth control. When the liberals came to power, they promoted sexual activity, bused school children to achieve "racial balance," established affirmative-action programs, and offered taxpayer-funded abortions. Neither side stopped to consider the simple solution to their cultural conflict: respect for individual freedom and individual rights, which would permit anyone to live as he or she chose, but not at anyone else's expense.

TO DERAIL THE NEW Right on its quest for power will take more than liberalism, either in its earlier or slightly modified "neo" guise. The vote for Ronald Reagan, whatever else one may say about it, was a clear rejection of liberal economic policy with its record of regulation and inflation, as well as a repudiation of liberal social engineering. What it was not, as all the polls show, was any real support for enforced social conservatism (a majority still favor the right of abortion, for example), or for an aggressively interventionist foreign policy (the public has rebuffed intervention in El Salvador by ratios of six and seven to one).

A movement that could cope with our present crisis would reject the current blighting taxation and regulation of the economy, as well as the New Right's schemes for government planning and for feeding its own privileged constituents from the public trough. It would shun a reckless, world-meddling foreign policy and the mindless military buildup that is undermining the very bases of our economic life. And it would take a principled stand on cultural and moral issues, against both the liberal social engineers and the conservative moral enforcers, opting instead for peaceful coexistence between people of different lifestyles.

Such a movement would be able to move us off the dead center of a stagnating economy, prevent international conflicts from leading toward nuclear holocaust, and solve our cultural civil war by adopting a policy of "live and let live." But will it come in time? ▣



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Greed Is Not Enough: Reaganomics, by Robert Lekachman.
Pantheon, 213 pages, $13.50.

Envy is not enough

STEPHEN CHAPMAN

ROBERT LEKACHMAN likes to think of himself as a fearless left-wing iconoclast, but the most diligent reader will find nothing in this book that has not already been popularized by every major organ of the capitalist establishment press. *Greed Is Not Enough* is a traveler's guide to the prevailing conventional wisdom. Scarcely an inch of the trail blazed by Leonard Silk of the *New York Times* and Irving R. Levine of NBC News is neglected. This is economics so simple that a child can understand it, and so crude that a television reporter can believe it.

Nonetheless—excuse me, consequently—it has become the unofficial bible of the liberal opposition. John Kenneth Galbraith, who bears approximately the same relationship to Lekachman as the ventriloquist does to the dummy, testifies on the jacket that the "only thing better than this book is its exquisite timing." Robert Heilbroner calls *Greed Is Not Enough* a "devastating critique of Reaganomics." Representative Henry Reuss of Wisconsin, chairman of the Joint Economic Committee, says it "shows eloquently how failure by supply-siders and monetarists has gone to their heads," whatever that means. What George Gilder's *Wealth and Poverty* was last year to the administration's economic gurus, this book is to their critics.

Lekachman's refrain is by now as familiar as the Ty-D-bol man's. For the obstinately inattentive, it goes as follows: Ronald Reagan's economic program betrays him as a scourge of the poor and an apologist for the rich. Supply-side economics is a blind religious dogma, groundless in theory and discredited in practice. The free market is a myth concealing the oligopolistic predations of mammoth corporations. Efforts to restrain inflation by checking monetary expansion have proved a dreadful failure, succeeding merely in strangling economic growth. Only a more activist government, assuming responsibility for the direction of the economy and the redistribution of its wealth, can restore prosperity and protect the downtrodden.

This book has other flaws besides its slavish devotion to predictability. Lekachman is best known for his magazine articles, which have earned him the reputation of the rare economist who can express ideas with wit and style. The reputation is not wholly undeserved, though it owes a large debt to the standard of comparison.

Lekachman's refrain is by now as familiar as the Ty-D-bol man's.

But his prose, occasionally charming in a short essay, becomes unbearably cloying in an extended argument—like a meal composed of six dessert courses. The book is also a clear case of the market's hastily responding to consumer demand, a phenomenon that has no place in Lekachmanland. It most resembles those quickie paperbacks on Jim Jones's massacre in Guyana, suffering from too much haste in the quest for a buck. There is no apparent original research or thought, just page after page of arch polemics. As Macaulay said of the U.S. Constitution, the book is all sail and no anchor.

But consider Lekachman's arguments in turn. First, Ronald Reagan, the people's enemy: "This amiable gentleman's administration has been engaged in a massive redistribution of wealth and power for which the closest precedent is Franklin Roosevelt's New Deal with the trifling difference that FDR sought to alleviate poverty and Ronald Reagan enthusiastically enriches further the already obscenely rich." It takes a special prism on the world to interpret measures to let people keep a larger share of what they honestly earn as "redistribution." And Lekachman makes no effort to defend the present highly progressive tax system, which extracts 41 percent of all taxes from the top 10 percent of income earners, who earn less than a third of all income. The only effect of Reagan's program is to make federal income taxes slightly less progressive, which hardly qualifies as redistribution.

Lekachman also fails to note that even if the entire three-stage cut finally comes to pass—not likely—federal taxes will absorb roughly the same share of the nation's income in 1984 as they did in 1978, long before the man Lekachman calls the "first reactionary American president" arrived in the Oval Office. Reagan's tax "cut" was designed merely to head off the huge unlegislated tax *increases* that would have accrued from inflation.

As for redistributing from the poor to the rich: The poor have not gotten much from antipoverty programs. A recent *Newsweek* cover story excoriating Reaganomics conceded that "for every dollar spent on the war on poverty today, only ten cents ever directly reaches the poor." The other 90 percent goes to the people who administer the programs. Lekachman should sleep better knowing that what Reagan is "stealing" from the poor, they weren't getting anyway.

Greed Is Not Enough offers more proof, if any were needed, that supply-side economics is the most maliciously misinterpreted economic doctrine in memory. "Supply-side theory is so simple-minded as to make one wonder why reasonably intelligent people give it credence," he says at one point. The supply-siders' "faith is touching, but their works are inadequate," he concludes at another. But supply-side economics is neither new nor baseless. It goes back as far as Adam Smith. It is really nothing more than a new name for an old insight: that taxes attenuate productive incentives. Even Lekachman, incongruously, cites David Hume's contention that "exorbitant taxes, like extreme necessity, destroy industry by producing despair." But he insists that supply-siders have no evidence that taxes have reached the point where they produce despair. To believe them, he says, "we require faith. Supply-siders *know* that American taxes are high, in particular those

STEPHEN CHAPMAN is on the editorial board of the Chicago Tribune.

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that apply to the incomes of the more successful."

In fact the supply-siders have ample evidence for their belief. The comparatively poor health of the U.S. economy is doubtless partly due to its high marginal tax rates on middle to upper incomes, the source of most investment and savings. A taxpayer making $50,000 a year and living in California faces a marginal tax rate of more than 57 percent. In Japan his marginal rate would be 49 percent, in West Germany 51, in Switzerland 36, and in France 28. One reason capital investment in the United States runs so far behind Japan and West Germany (which Lekachman notes as evidence of the incompetence of American capitalists) is that the United States taxes capital gains and assets at about four times the rate they do. Until last fall, it also taxed investment income at up to 70 percent. Even Lekachman concedes that "punitive taxation, it is only common sense to realize, diminishes any activity to which it is applied."

One reason capital investment in the United States lags behind Japan and West Germany is that we tax capital gains and assets much more heavily.

But even supply-siders don't blame tax rates for everything. Japan and West Germany also have avoided our chronic high inflation, which tends to consumption. They have accomplished this enviable feat by stricter monetary policies—the same kind that Lekachman regards as an obstacle to growth here. Low inflation, penalize productive investment, reward speculation in unproductive ventures, and artificially stimulate however, deserves much of the credit for their high rates of saving, an essential to economic growth.

In Lekachman's view, the Federal Reserve's recent experiment with monetarism has been a perfect flop. "In 1981, monetarist policy did little to diminish actual inflation and less to reduce anticipation of inflation in the future," he says. Since October of last year, in fact, the annual inflation rate has run consistently below 5 percent—down from a double-digit rate when Reagan took office. In March the Consumer Price Index fell for the first time in seventeen years. (So much for Lekachman's belief that "in the short run, across-the-board tax reductions are inflationary.") Interest rates peaked in the spring of last year: The yield on 90-day Treasury bills has dropped from 17 percent then to less than 13 percent today. Yields on long-term notes have also fallen. That rates have not dropped still further is not the fault of the Federal Reserve's adherence to monetarist prescriptions over the last two years, but more likely of its failure to heed them over the previous fifteen.

Lekachman, however, insists that monetarism is keeping rates up. Rapid growth of the money supply always means lower interest rates than slow growth, he thinks, "just as a surfeit of avocados brings that delicacy within the reach of the rabble." What Lekachman overlooks is that loose money means each dollar is worth less, inducing lenders to demand more dollars in repayment and borrowers to pay them. Lenders will charge, and borrowers will pay, whatever rate they think necessary to ensure a real (non-inflationary) return. If money is loose, people will expect inflation, and interest rates will rise. But don't take my word for it. When the Fed took Lekachman's advice to loosen the monetary reins at the end of 1981, short-term rates jumped from just over 10 percent to more than 14 percent.

So why is the economy in such poor shape right now? Lekachman would have us believe that our problems are due entirely to the administration's unkindness toward the poor and working classes and its devotion to outmoded economic orthodoxy. But the truth is that a long period of chronic inflation, like the United States has suffered since 1965, cannot be concluded without pain. Workers and employers make decisions based on expectations of continued inflation. If they expect 10 percent annual inflation, in line with recent experience, they will demand wages and prices to keep them abreast. If inflation drops, they will find themselves priced out of the market, and bankrupt firms and unemployed workers are the result. Once workers and management realize that inflation has in fact been cut, however, they will alter their expectations accordingly and normal growth can resume. All this takes time.

Lekachman chortles at the failure of Reagan's tax cut to avert a recession. What he stubbornly ignores is that taxes haven't been cut. In any case, supply-side policies could hardly be expected to provide a painless transition from virulent inflation to price stability—though some of their advocates, like Arthur Laffer, can be blamed for predicting they would. And it defies both common sense and even Keynesian prescription to suppose that the economy would be better off if taxes were to be precipitately increased, as they would be in the absence of Reagan's so-called tax cut.

Then there is the author's portrayal of the free market as a quaint myth perpetrated by self-seeking tycoons and naive intellectuals. "The Reagan administration is gripped by a nostalgia for a world of unregulated competition that existed only in the utopias of economists," he says. Here we have yet again the Galbraithian thesis that large corporations are immune to the normal hazards of the marketplace. One would think that the ordeal of Chrysler (once the tenth biggest company in America) would have buried that hypothesis once and for all. Only federal intervention saved the automaker from the unforgiving verdict of the "mythical" free market. (This might be seen as a model for the policy, advocated by Felix Rohatyn and endorsed by Lekachman, of using a "redesigned Reconstruction Finance Corporation to shore up faltering banks and corporations in the distressed Northeast and industrial Midwest.") If sheer size ensures success, how does Lekachman explain the plight of Fortune 500 firms like Ford, Kaiser Steel, International Harvester, and Lockheed, which together lost more than $2 billion last year?

Lekachman's ideas for a more activist government are nothing if not well worn: wage and price controls, government allocation of credit, government-financed "universal health care." Here he is even brisker than usual, neglecting to consider the most obvious failures of such programs where they have been tried. He offers

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not a shred of evidence to support his odd thesis that capital markets are uncompetitive; his real complaint seems to be that they don't direct capital where he thinks it should go (urban areas, the Northeast, and declining manufacturing industries). His grasp of the defects of government social programs can best be illustrated by his belief that social security is one of the "most successful social programs." Imagine what the failures must look like.

But the central flaw in this book is revealed in its title. Does capitalism not have anything nobler to offer than the enshrinement of greed? Of course it does—namely the realization of the inviolable rights of each human being, the rejection of violence and coercion as instruments for organizing society, and the insistence that all relations among people and institutions be voluntary. Capitalism does allow people to be greedy—just as it allows them to be altruistic. But in neither case does it allow them to employ force to achieve their desires. The capitalist, however avaricious, cannot force anyone to work for him, to sell to him, or to buy from him. He can only get what he wants by persuading others to cooperate with him. This is what Samuel Johnson meant when he said, "There are few ways in which a man can be more innocently employed than in getting money." That stress on the interaction of the self-interest of free persons is the moral foundation of capitalism, as well as the engine of its phenomenal productive capacity.

Lekachman's analysis founders on his failure to understand the nature of the free market. His favorite epithet for profit-making companies is "predators"—as if there were no difference between a pirate, who makes his living by theft and murder, and an entrepreneur, who makes his living by providing others with the things they need and want. What Lekachman rejects is not merely greed but the fundamental principles of a genuinely free society. He is happy to abridge the freedom of individuals as much as necessary to enforce the economic egalitarianism he prefers. His program purports to topple the god of greed—only to install envy in its place at the altar. That approach is bound not only to violate rights, but also to forfeit the unprecedented material advances achieved by capitalist economies over the last century. It will make us not only poorer, but less free as well. ■

The Man Who Wanted to be Guilty, by Henrik Stangerup. Translated by David Gress-Wright. Marion Boyars, 128 pp., $12.95.

Rotting in Denmark

ANTHONY BURGESS

THIS NOVELLA, WHICH may only loosely be classified as SF or hypofiction or futfic, may be a picture of life in a Scandinavia that does not yet exist, but to anyone who knows Scandinavian Pelagianism it must seem like a harsh black and white photograph of the Nordic present.

I use the term Pelagianism, which I oppose to Augustinianism, because it seems to me that the milder forms of socialism, devised for the benefit of the citizen and not for the aggrandizement of the ruling party, are based on a conception of man that denies original sin and relates wrong to social maladjustment. Augustine said that man was evil, Pelagius that man was neutral. This meant that man did not need God's grace and could attain heaven through his own efforts alone. This, if we regard heaven as a secular notion signifying a sempiternal state of social happiness, is the philosophy of the Danish state as presented in Stangerup's nightmare. The nightmare is the more terrifying because it is very close to a known waking situation—one in which society has decreed that man must not suffer either physically or spiritually, that the state has the duty of securing minimal health and prosperity for all, and that concepts like guilt and anxiety have no meaning. Søren Kierkegaard, the greatest of Danish thinkers, has no place in this innocent polity.

ANTHONY BURGESS's most recent novel is Earthly Powers.

The hero, Torben, is a writer. He has a wife and a son and he lives in a small apartment decorated with a bonsai tree. A Copenhagen that has lost, through the operation of antinival salt, all its real trees lies dully all about him, and the Baltic is dying. You may say that nature has been regular Aggression Control sessions under the supervision of functionaries known as the Helpers. The future of a civilized Danish race is assured through the vetting of parental qualification (there is a certificate issued known as a Mum and Dad Card) and tamed, and this includes human nature. The fact of human aggression is admitted, but this is taken care of by the control of the media, which must exhibit nothing of an antisocial nature. Even Hans Christian Andersen is purged of his grosser elements, and television is as arid as the earth, lifeless as the waters.

Stangerup's nightmare is terrifying because it is very close to a known waking situation—one in which society has decreed that man must not suffer.

Torben, with all these advantages, nevertheless gets into a drunken rage one evening and brutally kills his wife. There is no question of trial or punishment. The psychiatrists take over, the Helpers help, and Torben is permitted to return to a solitary life in which the truth of the murder is well hidden and his wife is presented as having gone to South America. But he is not permitted to have custody of his son, Jasper: He is unstable, unsuitable for parenthood, unworthy of a Mum and Dad Card. Unable to write, or rather to publish, since his known work does not conform to the society-enhancing values that earn for publishers subventions from the state (this is terribly close to the Nordic truth), Torben works for the bureau known as BLIMP,

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whose task is progressive language reform (PROGLANG), which means the simplification of the language on the lines of Orwell's Newspeak.

Here we are very much on the ground of verifiable actuality. Language reform means euphemization, and it is happening all around us. America has already given us "anticipatory retaliation" and, more recently, "revenue enhancement" (for tax increase); I, who celebrate my sixty-fifth birthday as I write, have become a senior citizen entering on to the golden years: I must not think of myself as old. Torben has to change "tax withholding rate" into something more positive, like "fund share," but his heart is not in the job. He wants his son. He wants the world to recognize his guilt.

His situation is pretty well that of the Savage in Huxley's *Brave New World*, who demands the right to squalor, unhappiness, sin, but, denied them, commits suicide. Torben does nothing so extreme: He merely gets down to unpublishable confessional writing as a purgative, but he cannot win. No one will accept that he is a guilty man aching for punishment, the world's loathing not its institutionalized sympathy. Pelagius has defeated Augustine. There is room neither for *mea culpa* nor exculpation. Crime is merely social maladjustment.

I spent a good deal of last summer in Oslo and Stockholm, calling in less amiable Copenhagen on the way. There I met the official happiness of democratic socialism, in which nobody has any money but is in no danger of starving, in which drunken driving leads at once to guiltless rehabilitation, in which "guilt" is a word for ancient playwrights like Ibsen and Strindberg. The beneficent engineering of the Scandinavian state is well under way, the engine oiled, its tenders efficient and amiable. Unlike the visions of future horrors we love to read because the true future, we know, cannot possibly contain them, the near-actuality of Stangerup's book chills more than anything I have read for years. We do not have to fear a Big Brother named out of a brutally realistic irony but a genuinely loving one in rolltop sweater and jeans, his image multiplied as by a Xerox machine. The Helpers and euphemizers are already with us, blessed by the smile of a sweet guy with dyed hair whose career in B movies has taught him to relish euphemisms. ■

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From the Center of the Earth: The Search for the Truth about China, by Richard Bernstein. Little Brown, 260 pp., $15.95.

Dealing a new China hand

JOHN FRASER

IF YOU TAKE THE SUM OF all the books that have been written by outsiders about China since that historic day in 1949 when Chairman Mao Tse-tung proclaimed the establishment of the People's Republic, you would discover a curious irony that surely has not been lost on the regime's propagandists. During the periods of intense repression, the most fulsome tributes to the communist regime have been paid; during the periods of relative stability, when information was easier to obtain and the pall of totalitarianism did not weigh so heavily on the Chinese people, the most damning attacks have been published. The exceptions to this rule, like Simon Leys's *Chinese Shadows*, are startling precisely because they seem like such savage cries from the heart compared to the extraordinary panegyrics of everyone else, like Han Suyin or Ross Terrill or any number of ecstatic French observers of the Maoist experiment.

With the death of the "old man," the purge of his radical acolytes (the so-called Gang of Four), and the establishment of a more pragmatic and less ideologically ferocious regime, China bashing has come into vogue. A recent article in *Harper's* magazine had the simple title "China Stinks," and the journalists' books that are coming out are painting a picture so opposite from the genial mythology of just a few years ago that they are enough to make an old party veteran long for the days when the masses could be counted on to sing "Sailing the Seas Depends Upon the Helmsman" or "The East Is Red" with publicly unalloyed enthusiasm.

It is unlikely that any study of China and the Chinese Communist Party will present a bleaker picture than the one offered by *Time* magazine's first resident correspondent in the communist capital, Richard Bernstein. The rather overblown title should not discourage readers who want to get beyond the idyllic images of pure Maoism. This is an important book written by a very sensitive observer who has clearly struggled long and hard with the contradictions and dilemmas facing a quarter of the world's population. If his conclusions are unremittingly harsh—and I can't think of a single positive thing he has written about institutional communism in China, either under Mao or the current ruffians—they are also a necessary antidote to the fluff that has been served up for three decades.

Bernstein arrived in China at the end of 1979, although he had made several short trips around the country during his days as a China watcher in Hong Kong. By that time he had cleansed himself of a curious kind of liberal racism that held that somehow communism was appropriate for the Chinese people but not for the decadent West. This amazing double standard has been an important part of the sturdy roots that supported the holy writ of the China "experts," and Bernstein will have none of it. By applying common sense and common decency to the Chinese condition, he brings the "teeming millions" closer to us and lets us see that they too are human beings, with aspirations and frustrations alarmingly like our own. That is a radicalizing experience, and much of Bernstein's hatred for the regime is based not on theory but on the palpable horrors it has visited on everyone he seems to come across.

One of the most moving and damning stories reported in the book is of a patriotic scientist named Mr. Li who studied in the United States before 1949 and returned to the motherland against all the advice and protests of his colleagues and friends. It is, alas, a well-known tale in its broad outlines: The Chinese professional who wants to give his expertise and enthusiasm to his native country returns and finds himself under constant suspicion simply because of his expertise and the tainting experience of study abroad. During the worst periods of repression, like the Anti-Rightist Campaign of 1957 and, of course, the terrible Great Proletarian Cultural Revolution, Li, like so many other of his peers, was treated to a brutality paralleled only by the machinations of the monster emperor who conceived of that gargantuan folly, the Great Wall.

It is unlikely that any study of China and the Chinese Communist Party will present a bleaker picture than the one offered by Bernstein's book.

Bernstein does this familiar story one better, however. It turns out that Li had a fellow Chinese friend in the United States who decided not to return. His name was also Li. The second Li went on to fame and fortune in the American scientific community and, lo and behold, the day came when he returned to the motherland as a distinguished "overseas Chinese." He was treated to the full panoply of state sycophancy: Red Flag limousine, official banquet, unending praise for his patriotism, tributes in the official press, meetings with the highest state leaders. The first Li, whose original patriotism got him only physical persecution and prolonged imprisonment, sought his old friend out for a friendly reunion, a meeting that forced him to ponder their different fates. Bernstein admires the first Li enormously. His ability to "eat bitterness" without undue complaints and his amazing capacity to simply endure,

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receive expansive accolades. Yet, when considering the contrasting treatment of the two scientists, he unleashes a devastating broadside at the entire system. In the end, says Bernstein, the story of the two men tells us much about why the communists have betrayed all the hopes of the Chinese people: They have destroyed the value of their brightest, raised toadies and automotons to high office, institutionalized hypocrisy to a degree *hitherto unknown, and undermined* any realistic prospects for a better future.

From the Center of the Earth is not a book for a quiet afternoon. It is profoundly disturbing. Had it simply been an arid denunciation of ideology and institutions, it would be easy to dismiss, but a particular feature of Bernstein's account is the Chinese people populating its pages. I would have preferred him not to "emblematize" most of his encounters—the word itself is used far too often, suggesting an inattentive editor—because the many anecdotes and pictures provide their own validity without being raised up to constant symbolism. Yet this is a small complaint about an otherwise powerful and humane analysis of a country that continues to attract more curiosity and fascination than any other. It isn't the definitive one and, despite the title, Bernstein doesn't claim it is. But it is a crucial study, one that cannot be ignored either outside China, or inside. ■

In Print

SOME RECENT BOOKS BY INQUIRY contributors: Nikolai Tolstoy's *Stalin's Secret War* (Holt, Rinehart, and Winston, $18.50) concerns the war Stalin never stopped waging—against the peoples of the Soviet Union itself. Indispensable for any serious collection of twentieth-century history. Count Tolstoy, incidentally, is now engaged in writing a history of his distinguished family, for William Morrow. . . . X. J. Kennedy has edited a unique poetry anthology, *Tygers of Wrath* (University of Georgia Press, $15.00), an assemblage of "poems of hate, anger, and invective," exploring the fascinating dark side of English and American poetry. . . . Contributing editor William Abraham's *Prize Stories 1982: The O. Henry Awards* (Doubleday, $14.95) is the fifteenth such volume he has edited. A delectable compilation. Beginning with the fall list, Abrahams will have his own imprint at the house where he has served as senior editor for five years, Holt, Rinehart, and Winston, a very special distinction.

The leading free-market entry in the spring/summer list is *Tomorrow, Capitalism: The Economics of Economic Freedom,* by the talented French economic journalist, Henri Lepage (Open Court, $14.95). Very readably translated by Sheilagh C. Ogilvie, the work is an able, even exciting summary of the latest lines of scientific economic research, which, the author maintains, converge in the ideal of competitive capitalism. An interview with Lepage is scheduled for a forthcoming issue of *INQUIRY*. . . . *The Libertarian Reader,* edited by Tibor Machan (Rowman and Littlefield, $29.75 cloth, $12.50 paper) is a superior anthology of essays and excerpts for the most part previously published elsewhere. Authors include libertarian philosophers like Robert Nozick, Eric Mack, and John Hospers, as well as others such as *INQUIRY* contributing editors Murray Rothbard and Thomas Szasz, and the great Austrian economists Ludwig von Mises and F. A. Hayek. . . . Speaking of Bob Nozick, his *Philosophical Explanations* (Harvard University Press, $25), which has received very enthusiastic reviews for the most part—with the notable exception of the *New York Review of Books*—is now in its fourth printing, with 20,000 copies now in print.

In September 1976, Orlando Letelier (and Ronni Moffitt) were blown up in a car in Washington, D.C., in a right-wing terrorist outrage. Taylor Branch and Eugene M. Propper's *Labyrinth* (Viking, $17.95) is a riveting account of the assassination and its solution, and offers extraordinary insight into the workings of the federal criminal-justice system.

From the university presses; From Cambridge University Press, J. E. Cookson's *The Friends of Peace: Anti-War Liberalism in England, 1793–1815* ($39.50), an important contribution to the history of classical liberal opposition to war, in this case the seemingly endless one fought by England against the French Revolution and Napoleon. Cookson points out that the English liberals held the war responsible for the devastating taxation (including the first British income tax), the paper-money inflation, impoverishment of the people, and militarization of society. Interestingly, the period marks a sharp focusing of classical liberal class-conflict analysis as well, since for the liberals "the beneficiaries of war were easily identified. Foremost among them were officials enriched by the expansion of the bureaucracy and the increase in government activity, military and naval contractors, and the financiers who invested in the national debt and supported its operations. *Plus ça change* . . . From Harvard University Press, *Dissenter in Zion: From the Writings of Judah L. Magnes,* edited with an introduction by Arthur A. Goren ($30.00). A fine selection of was a cultural and spiritual Zionist—he was a founder of the Hebrew University in Jerusalem and its first chancellor—all his life he opposed exclusive *political* Zionism and the oppression of the Palestinian Arabs. His wish the letters and published writings of the famous American rabbi (1877–1948), who was a humanitarian, confirmed civil libertarian, and World War I dissident. Although Magnes was to see the Jewish people "enter the promised land bringing peace and culture," and "not in the Joshua way."

New in paperback: Thomas Sowell's *Knowledge and Decisions* (Basic Books, $9.95), a brilliant, Hayekian treatment of the fundamental issues in economics. . . . *Tatlin!,* the first collection of fiction (there have been several since) by Guy Davenport, noted literary critic and *INQUIRY* contributor (Johns Hopkins University Press, $7.95). . . . Best book title of the season: Bruce Feirstein's collection of humor, *Real Men Don't Eat Quiche,* (Pocket Books, $3.95). . . . Best buy of the season: H. L. Mencken's *Chrestomathy* (Vintage, $7.95). —R.R.

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Last Waltz in Vienna: The Rise and Destruction of a Family, 1842–1942, by George Clare. Holt, Rinehart, and Winston, 272 pp., $16.50.

City of dreams

LESLIE EPSTEIN

ON THE FIRST PAGE OF George Clare's—but let us call him Georg Klaar, the Austrian name he bears through most of this book—*Last Waltz in Vienna,* there is a brief description of how the author spent his lunch break in the British army upon a pile of jute sacks filled with clamps for Bailey bridges: "If one knew how to shake the contents of these sacks into the right position one could build them into surprisingly comfortable seats, almost easy chairs." Over the course of the next 250 pages I often thought back to that easy chair, in part because the story told there—"The rise and destruction of a family, 1842–1942," in the words of the subtitle—is so very full of furniture. Plush burgundy chairs and antimacassars, carpet-patterned upholstery, an ice-box in the corridor, the black concert grand, a mahogany bookcase, a sleeping couch, rug-covered tables, a magnificent hand-painted mirror framed by two vases, each with a portrait of Petrarch—all this and more is in the flat of Georg's grandmother, Julie. The decor of his father's office

> was very Austro-Victorian, very plushy, very red. Father's heavy oak desk faced a conference table with a red plush cover surrounded by four—or were there six?—red plush-upholstered chairs. Red plush curtains framed the window. A blue-patterned oriental carpet covered the centre of the parquet floor, and a bookcase and hat-stand completed the furnishings.

And the very last glimpse we have of Georg's own flat includes his parents' double bed and the "big wardrobe, tallboy, chaise-lounge, wing armchair, Mother's dressing-table, the bedside tables and a few other bits and pieces." All of this, save for the bed, was to have been shipped from Vienna by Helene, the family maid. Instead, she has kept the furniture for herself, piled up in one room. When the Klaars unexpectedly return, she threatens to hand her employers over to the Gestapo, with an invented story of how Georg forced her to engage in an act of racial shame.

I dwell on this furniture—all Victorian, the clutter of the 1880s—because it plays as forceful a role as any of the figures in this book. For some of the Jews, its sheer weight, its mass, proved a kind of trap, a dense ball about the prisoner's ankle; at least for those, like the Klaars, who were thoroughly assimilated, these overstuffed rooms provided both a sense of security, solidity, timelessness, and the deadliest of illusions.

The first part of this three-part book is a description of how Hermann Klaar and his sons and grandsons lived on in Vienna, until in the thirties the nature of life changed for every Jew.

The Klaar family came from Czernowitz, in Bukovina, the "Asian" part of the Austrian Empire. Hermann, the great-grandfather, rose to the rank of surgeon-captain in Franz-Josef's army, a thing unheard of for a Jew, and then set himself up as a physician in Vienna. The first part of this three-part book is a description of how this man's sons and grandsons lived on in the capital, until in the thirties the nature of life changed for every Jew. It is an all too familiar story, though naturally a few sharp images remain: Georg's grandfather, Ludwig, himself a distinguished physician, hogging the asparagus tips and napping with his feet up on his son's shoulders; fat, energetic Uncle Paul, flying through the air to stop a tramcar that would not halt for a group of Jews; another uncle, Fritzi, always sitting in Julie's hallway, smoking Turkish cigarettes; a neurasthenic aunt, whose headaches turned out to be caused—to the surprise of this family of doctors—by a tumor.

Here is a day in the life of Ernst Klaar, Georg's father, a smartly mustachioed bank official: home from office for lunch, a snooze, back to office; dinner at home, followed by laxative pills and the daily paper; a little talk with Georg's mother, Stella, in the study, and then—and here there is a small surprise—the paterfamilias reads Rilke aloud: or else, at the close of day, we find the banker and his bride holding hands on the settee, listening to the concerts on Radio Vienna. The only member of this extended family I really remember—and I do not exclude Julie herself, Ludwig's widow, who with her flat and furniture held it together—is a Dr. Robert Friedman, a tall, bald, big-nosed concert pianist, who was brought into the family as a husband for the virginal, headachy aunt—and who proved impotent. His playing was brilliant, but he could not appear in concert because of the way he threw himself about on the stool, his face contorted grotesquely, with all sorts of snorts and tunes and squealing noises coming out of his mouth. I think the author has sensed that—in the absence of such eccentrics—his own family and his own quiet childhood become memorable, are raised to the largest dignity, by the fate that befell them.

In the middle section of *Last Waltz in Vienna,* our century closes in upon the family. I found much of this material fascinating. When, to begin, in February of 1937, von Neurath, the German foreign minister, sweeps through Vienna, whipping up the crowds with his *Heil Hitlers* and stiff-armed salutes, the wake of fear and tension in which the Jews wallow leads directly to a terrible fight between Georg and his father. It is only an argument over a girlfriend, but it creates the first rift in the nuclear family, which was never again to be quite the same. Or, better:

LESLIE EPSTEIN, author of the novel King of the Jews, *directs the creative writing program at Boston University. His latest novel,* Regina, *will be published in November.*

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When Georg was quite young, he believed in a fantasy policeman who insisted he learn to sleep in the dark. As he grew older, he associated this figure with the neighborhood traffic officer, a man with whom he often chatted, and who always saluted his father when he saw him in the street. The night the Austrian chancellor announced to his nation that "we are giving way to brute force"—announced, that is, that Hitler's armies would meet no resistance as they moved across the border—Georg looked into the Nussdörferstrasse, the street running below his window. Trucks filled with homegrown Nazis roared by, each man shouting *Juda verr-rrecke! Juda verr-rrecke!* When the procession finally passed, a single figure remained, the same local policeman, with a swastika armband already pulled up his sleeve. With his truncheon he was beating and beating the man who writhed at his feet: ". . . yesterday's protector had been transformed into tomorrow's persecutor and tormentor."

The book is filled with a hundred such transformations—the aforementioned Helene, the caretaker of the Klaar's building, a colleague of Ernst's at the bank: "'. . . as from today I can no longer work for or accept instructions from a Jew.'" But there are instances of steadfastness as well: the reappearance of lost friends, the friendly remarks of a stranger, and this, from a schoolmate, even while wearing *his* new swastika on his lapel: "'What I want to say is this. There are Jewish boys in our class. They have been our colleagues and friends for years. And I feel they should remain our colleagues and friends and be treated as such!'"

For all of this, the real quality of *Last Waltz in Vienna* derives from the almost radical honesty of the author's view of himself and his people. Klaar has much to say about the milieu of assimilation in which he, and most of his generation, grew up. There is an implicit connection between the Austrianness of these Jews, which includes a not-so-hidden anti-Semitism (the resentment, or at best indifference, toward the *Ost-Juden:* "We were, or rather thought we were, quite different from that bearded, caftaned lot"), and the moral blindness, the paralysis, that gripped virtually the entire community. One day, on an excursion down the Danube, little Georg turned to his father, saying, "'*Tate,* what is?'" Before he can finish his question he is slapped heavily, stingingly on the cheek. Then Ernst strikes him a second time: "'Don't you ever dare to call me *Tate*' he hissed, 'never, you hear, never!'" The mistake was to use the Yiddish word, instead of the proper German, *Papa.*

This strain of ruthless clear-sightedness is applied not only to the Klaar family, but to Georg himself. Shortly after the Germans arrive, the young man is urged to join a resistance organization. He refuses, because that would mean acknowledging "that I was a Jew and not an Austrian." A day or so later the Wehrmacht parades through the streets. Once again, Georg watches the procession pass, this time actually following it to the center of town.

> The men themselves were tall, young, handsome, smart, and polished; and I realized, unbelievable though this may sound, that I admired these soldiers and was even proud of them. So caught was I, the seventeen-year-old Jew, in my Austro-German conditioning from childhood, so deeply ingrained was all I had read, that I could not see these clean-limbed young men as my enemies. The Nazis, the SS, the SA, they were my enemies, but not the young and handsome soldiers of the Wehrmacht.

As if this passage were not remarkable enough—there are few like it anywhere in Holocaust literature—the

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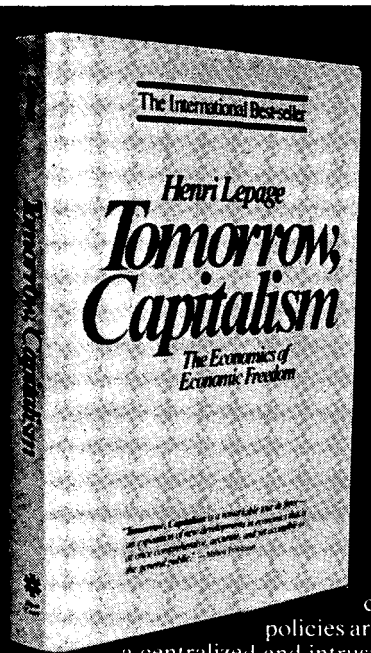

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grown man, looking back, adds this:

If I had not been born a Jew, could I have been a Nazi at seventeen? Could I have been one of them, attracted by the power and the glory of Hitler's Reich? I was racially "immune" to Nazism, but to this day my judgment about those youths who succumbed to Hitler is beclouded by the memory of my own sensations on that day.

It is at moments such as these that we can best measure the depth of both book and man.

The last third of the story deals with the Klaars' brief life as a family after the *Anschluss*. There is no hesitation now, only the recognition of the need mop and dishrag to her husband, suddenly emerges as the real strength of the family. But the theme here—and it is a desperate adventure story, no less to escape. Now we see another sort of transformation: The Austrian family accepts their Jewishness; the quarrels among the branches end; above all, Stella, Georg's mother, heretofore a kind of shadow attached by way of suspenseful for our knowing the painful conclusion—is flight. The family—reduced in focus to Georg, Stella, Ernst—zigzags about the map: first to Berlin, where the Jews seem to be living more securely than in Vienna; then Georg makes a pathetic, half-farcical dash across Lithuania to the Latvian border, before being turned back; then all three return to Vienna, return to Berlin, from which Ernst eventually leaves for Paris and Georg and Stella depart for London and Ireland.

That is not the end, quite, of their life as a family. There is a final, excruciating twist, in which Georg, all unknowingly, apparently quite sensibly—there *is* no sense in a world indifferent to the point of madness—helps seal the fate of his parents, by advising them to remain together in France. No, there is one last twist, one irony even after that. Long after the war, Georg—now George Clare—comes to France to discover what he can about his parents' last days there. He is shown the final desperate message that Ernst scribbled on paper and threw to the ground—either from the truck taking them to the train, or from the very freight car on its way to Auschwitz. This note urged a Parisian friend and benefactor to pay the deposit on their stored household goods—on all that was left of those paintings and armchairs and bronzes and tables and rugs. "We want," scrawled Georg's father, "to save everything for our son." ▣

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Korea: The Untold Story of the War,
by Joseph Goulden. Times Books, 690 pp., $22.50.

Dubious venture

BARTON J. BERNSTEIN

THE KOREAN WAR COST the United States more than 54,000 dead, 103,000 other casualties, and $75 billion. The war fanned the flames of domestic anti-communism, aided Joseph McCarthy's witch-hunting, tripled the military budget, and spurred the re-militarization of Europe. The Truman administration's decisions in summer 1950 to expand the war across the 38th parallel and toward the Yalu provoked China's intervention in the autumn, led to a bloody rout of UN forces, blocked relations with the People's Republic for nearly two decades, and encouraged the desire of General Douglas MacArthur, the American and UN commander in the Pacific, to attack China. Condemning him for recklessness, Truman ultimately fired him for insubordination, but the administration secretly flirted with similar strategies of expanding the war.

For two years, from July 1951 to July 1953, Truman and then Eisenhower sought to negotiate an armistice while trying to restrain Syngman Rhee, the South Korean president, from sabotaging the effort. Ultimately, the United States and the communist powers agreed to an armistice at the 38th parallel, and Eisenhower gave Rhee a security pact in return for his acceptance of the armistice.

Over the years, journalists and scholars have continued writing about this three-year war, but the subject never inspired the flood of books and articles that the lengthy Indochina war produced. Because of the leaking of the Pentagon Papers, the once-secret documents on the Indochina war were more available than those on the earlier Asian conflict. In the past few years, however, with the declassification of official military histories, the opening of some archives, the State Department's publication of key documents, and the use of the Freedom of Information Act, there has been a renewed spurt of literature on the Korean War—its background, America's decisions to intervene and expand it, the Truman-MacArthur controversy, Ike's efforts to end the war, and the struggle to contain Rhee.

While not acknowledging this new scholarship, Joseph Goulden, author of ten books ranging in subject from H. L. Mencken to the Gulf of Tonkin affair, has exploited many of the declassified materials in this large volume on the entire war. His is not the "untold story" or the "Pentagon Papers of [this] war," as Goulden claims, but an interesting and curious amalgam of the familiar, the little-known, and even the dubious. Substantial parts of the volume draw from a recently declassified, richly revealing history of the Joint Chiefs of Staff, but the book sometimes relies uncritically on questionable American documents and suspect recollections by interviewees, including an ex-CIA agent. About 550 pages focus on the first year of war, and only the last few chapters treat the armistice negotiations, the difficulties of dealing with Rhee, problems of keeping the Western allies in line, and Ike's nuclear threats.

American policy makers are not unalloyed heroes for Goulden. He often finds Secretary of State Dean Acheson and Truman shortsighted as they expanded the war without foreseeing the consequences—including China's entry into the war—or understanding the fears of European allies. MacArthur is often the villain of Goulden's story, and the author delights in lacerating him, uncovering ugly aspects of his career, and even harshly interpreting his personality. The Joint Chiefs are periodically scolded for not restraining MacArthur, and General Matthew Ridgway, MacArthur's successor, emerges as a stainless hero for halting the UN retreat, and accepting the constraints of limited war.

Goulden commends the Acheson-Truman decision to enter the war; it was, he feels, necessary to maintain American prestige and power. Too easily, he dismisses the more plausible view that the conflict was basically a civil war, that Truman and Acheson erred in interpreting it as part of the cold war and as a Soviet-instigated attack, and thus that they committed troops to a dubious venture. Had Truman stayed out of the war, according to this revisionist interpretation, America might have briefly lost some prestige, as the National Security Council had forecast in 1948 in counseling withdrawal from Korea, but the prestige could have been recouped and much of the angry politics of the fifties avoided. To put matters bluntly, the administration should have followed its own 1948 advice, and stayed out of the war. American entry in 1950 was a mistake.

For Goulden, as for many analysts, much of the story of the early war focuses on the struggle of Washington with MacArthur. The general, a master of hokum according to the author, was insecure, mother-dominated, and sexually maladjusted, and thus, presumably, inclined to bluster, arrogance, strained heroics, and fears of failure. General Thomas Jefferson Davis, a former MacArthur aide interviewed by Goulden, revealed that MacArthur used to entertain prostitutes. "He'd never screw them," Davis recalled; "he would just sit there in an armchair and let the girls admire what a great man he was." On other occasions, MacArthur would reveal his "sadistic streak." He would pick up a girl from a Baltimore whorehouse, wine and dine her, and, when she would pressure him, MacArthur "would denounce her as a 'little whore,' and walk away. He'd laugh at her later, on the ride back to Washington." According to Davis, MacArthur also periodically threatened suicide, fearing that he could not live up to the role of a hero, that he might fail at some critical point. This material, according to Goulden, is from a report that Davis prepared in August 1950 when MacArthur was undercutting the Truman administration and a State Department official decided to gather information for the Joint Chiefs on the general.

Even in the first days of the war, as the author reminds readers, MacArthur violated orders. The Joint Chiefs' early order permitted him to bomb the North Korean enemy only south of the

BARTON J. BERNSTEIN, professor of history at Stanford, is a contributing editor of INQUIRY. He is the editor of The Politics and Policies of the Truman Administration, *among other works.*

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38th parallel, but MacArthur itched to bomb in North Korea. "How can I bomb [there] without Washington hanging me?" he asked an associate. He hit upon the strained interpretation that the Joint Chiefs' directive was permissive, not restrictive, and thus that he could bomb North as well as South Korea. Truman, Acheson, the Secretary of Defense, and the Joint Chiefs did not challenge the general.

He could get away with such brazen tactics. A certified American hero, he was a Republican favorite and politically powerful. The administration and the Joint Chiefs feared an open battle with him. Moreover, because he was usually pushing for military strategies that Truman and Acheson favored, they were not likely to quibble about details or scold him for violating orders.

WHEN MACARTHUR wanted to send ground troops across the 38th parallel and unite Korea, his plans jibed with the hopes of Truman and Acheson. They all believed that China would not intervene in the war. Truman and Acheson even lectured the People's Republic that its real enemy was Russia, disregarding the Chinese warnings. In mid-October, when MacArthur and Truman conferred at Wake Island, neither worried about China's intervention. Full of optimism, the general and the president concentrated instead on American policy after *victory*—how soon they could shift troops to Europe and how they would rebuild Korea into an anticommunist bastion.

When China did enter the war in late October and bloodied the UN forces, Washington briefly panicked. But when the Chinese "volunteers" melted away in early November, Acheson and Truman saw no reason to revise their strategy and order MacArthur not to unify Korea. It was not that the president and secretary were intimidated by MacArthur; rather, like him, they were confident that China would not send in massive numbers and block the American goal. They were wrong.

Acheson and other administration members blamed the debacle on MacArthur. He was reckless and Washington feared restraining him, they charged. They were partly correct. He was reckless. But so was Washington. Just a few days before the massive Chinese entry of late November, Acheson, Secretary of Defense George Marshall, and their assistants discussed whether to offer China a buffer zone along the Yalu *before* or *after* America vanquished all North Korean forces and "liberated" Korea. The recently declassified record of this high-level discussion underscores the hubris of American policy makers.

In April 1951 Truman cashiered the general when he again violated orders. MacArthur issued a letter (soon made public) undercutting the administration's policy and then sabotaged the administration's quest for armistice negotiations by calling publicly for a officials that he planned to attack China and "dispose of the Chinese communist question." MacArthur did communist surrender. In a fanciful claim, Goulden argues that MacArthur was also fired because the government intercepted a foreign cable disclosing that he had told European cherish such hopes, but Goulden fails to establish that Truman had an intercepted cable.

Like many previous interpreters, Goulden stresses that the administration was struggling to keep the war limited and that MacArthur was threatening a wider war. Yet the author neglects important evidence that some presidential advisers were *also* urging an attack on China and that Acheson told Prime Minister Winston Churchill in January 1952 that America might soon bomb Manchuria and China if the communists would not accept American terms for an armistice.

Strangely, in 1952, a year after firing MacArthur, Truman appointed as the new Pacific Commander General Mark Clark, an admirer of MacArthur's goals in the war. Like MacArthur, Clark wanted to expand the war, seek victory not stalemate, bomb across the Yalu, and even use atomic weapons. Why was Clark appointed when safer generals were available? The author, often too tied to the narrative of events, does not ponder the question.

Goulden sketches the little-known story of Rhee's opposition to the armistice, his threats to withdraw South Korean troops from the UN command and take the war to the north, America's plans to depose Rhee, and his success in blackmailing Eisenhower into granting the South Korean–American mutual security pact. That treaty, wrung from a reluctant Ike who considered having Rhee overthrown, remains the legal basis for the present South Korean–American alliance and the stationing of American troops in Korea.

After the armistice, Eisenhower and Secretary of State John Foster Dulles claimed that they had used nuclear threats to end the war. Newly declassified documents, used by Goulden, reveal that on May 19, 1953, the Joint Chiefs proposed using nuclear weapons and that the National Security Council promptly ratified that recommendation. Fortunately, America never moved beyond its secret threats.

Eisenhower continued to think of using nuclear weapons if war erupted again in Korea. Four months after ending the war, according to a document not used by Goulden, Ike told a worried Churchill that if the communists attacked in Korea, the United States might bomb across the Yalu and use nuclear weapons against enemy supplies and troop concentrations. Ike said "that he did not think that an attack on the West by the Soviets would be the consequence. . . ." Churchill, in contrast, feared "a third world war and the destruction of London." ■

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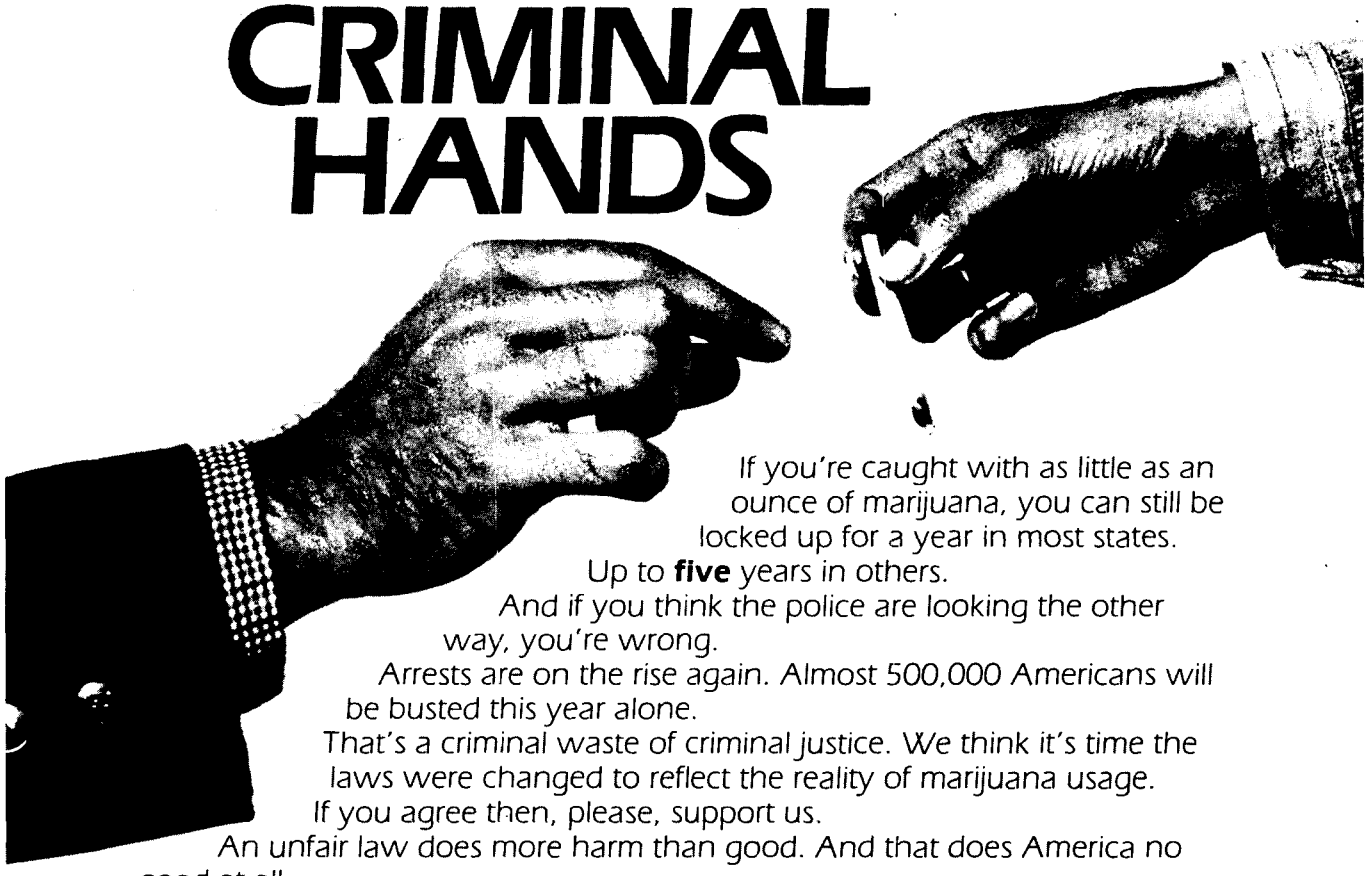

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Miss Manners' Guide to Excruciatingly Correct Behavior,
by Judith Martin. Atheneum, 768 pp., $24.95.

A proper Epicurean

P. J. O'Rourke

Judith Martin introduces politeness and mirth to a society where "have a nice day" passes for courtesy and a film like *Porky's* is thought to represent humor.

Miss Manners' Guide to Excruciatingly Correct Behavior is based on the syndicated "Miss Manners" newspaper column written by Ms. Martin, and it is a delightful book. I am no fan of weddings, anniversaries, funerals, or celebrations thereof, but I read this instruction on formal etiquette from cover to cover without any temptation to jam a three-and-an-eighth-inch by two-and-a-half-inch engraved card down someone's throat or throw pork fried rice at newlywed couples.

This is partly the result of Ms. Martin's excellent wit. When asked if there is any preferred date for weddings in modern life, Miss Manners replies, "It is preferable to hold them after the divorce and before the birth of the baby." And on the subject of publicity she says, "The old rule . . . was that a lady should allow her name to appear in the newspapers only three times: when she is born, when she marries, and when she dies. This is no longer workable. . . . A modern rule might be: A lady never gets married, gives birth, or, if possible, dies, on television—even if she is offered a free refrigerator for doing so."

But to call this volume "a funny etiquette book" would be something like calling *Ulysses* "a cockeyed look at the Micks." Lighthearted though it is, *Miss Manners' Guide* is a sophisticated and well-reasoned paean to self-control. Unrestraint, particularly emotional unrestraint, is condemned: "Contrary to the credo of this society, Miss Manners firmly believes that there are certain honest, understandable, deeply felt emotions that ought never to be expressed by anyone." And all intemperate behavior is reproached: "Miss Manners does not want people to act naturally; she wants them to act civilly."

Miss Manners brings us the message that the difference between civilization and the lack of it is mastery of self. How did we happen to forget this? How did we come to be a nation full of grown men and women who cry constantly at the top of our lungs, immediately break all our toys, and soil ourselves in public without embarrassment?

It is an irony of the twentieth century that the worst threat to our way of life is totalitarianism while the second worst threat is everyone doing as he merry well pleases.

The careless, selfish, unthinking anarchy of daily social existence beggars description let alone response. Who has not wanted to take a yammering cab driver, sew him up in a sack full of cats, and place-kick him into the East River? Or grab a moron teenager with Voice-of-America-sized broadcasting equipment on his shoulder and pour Drano in his ear? Or slice open an old friend with a new diet/religion/therapy/wife and tie a clove hitch in his entrails? One knows these actions would only add to the sum total of rudeness in modern life. But, though we have such august institutions as Alexander Haig and the $1.6 trillion defense budget to protect us from totalitarianism, what will protect us from shovers, whiners, fondlers, and shirt collars that extend past sportcoat lapels? Perhaps Miss Manners will.

Armed only with kindly jest and thoroughgoing knowledge of tradition, Miss Manners does combat with all the world's ill breeding. And she is so clever, so firm, and yet so sympathetic that she might just win. (Although an occasional dose of ear Drano or sack of courtesy cats would probably help her cause—not that she'd approve.)

Miss Manners' Guide is the first really valid and forceful reply to the modern assault on etiquette. For sixty years manners have been under attack as hypocritical and unnatural. Finally someone has the nerve to say that *of course* they are. "The world needs more false cheer," says Miss Manners, "and less honest crabbiness."

Disguised as a source of amusement and practical advice, *Miss Manners' Guide to Excruciatingly Correct Behavior* is acutally a book of Epicurian philosophy in the proper sense of the term. It may be the most important work in that genre since Titus Lucretius Carus wrote *De Rerum Natura* around 60 B.C.

Ms. Martin shows manners to be a set of conventions by means of which humans may conduct their lives with the maximum amount of mental and physical comfort while providing complete opportunity for others to do the same. This is precisely the "ataraxia," or serenity, of Epicurus.

Ms. Martin denies that her rules of etiquette have any moral, political, or religious implications. But the reader will politely dismiss this modesty. Morals, politics, and religion are tawdry things compared to the kind of manners Ms. Martin advocates. Morals are nothing but an attempt to make human courtesy abstract and consistent. Politics is worse. It is the enforcement of some form of that courtesy with guns. And religion is just a last-ditch attempt to make people behave when, for instance, they aren't intellectual enough to understand morals and are nearly as well-armed as the government. Failing all else, religion tells people to act nice or great horned things will get them.

Ms. Martin indulges in no such threats or any sophistry or gunplay. She postulates that everyone would like to be as mentally and physically comfortable as possible. From that given, she deduces that the only way for such a thing to be achieved is for everyone to act civil and courteous. She then shows us the traditional Western European conventions of courtesy and civility, gives the reasons for their existence, suggests modifications in those conventions which contemporary circumstances have rendered awkward, and urges us to preserve the rest for the sake of symbolism as well as practical value.

The result of this meditation on life is an attitude and a pattern of behavior as logical as plane geometry, as polished as the Japanese tea ceremony, and as merciful as Christianity before it spread to more than twelve people and got confused with going to church.

This is good medicine for a nation with 200 million people in a position to enjoy material and intellectual

P. J. O'Rourke, a former editor of the National Lampoon, *is writing a book of etiquette,* Modern Manners, *for Delacorte.*

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pleasures but lacking any notion of what those pleasures are.

I think Ms. Martin should be made President of the World even if I am seventeen years behind in writing thank-you notes for my high school graduation presents and even if I do have to make polite small talk with Alexander Haig instead of busting an end table over his head at the next White House reception I attend. ▣

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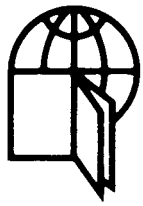

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1900, by Rebecca West. Viking, 190 pp., $19.95.

The Young Rebecca: Writings of Rebecca West, 1911–1917, selected and introduced by Jane Marcus. Viking, 402 pp., $25.00.

Unsentimental witness

PETER STANSKY

FIVE YEARS AGO, TO mark Rebecca West's eighty-fifth birthday, her British and American publishers brought out *Rebecca West: A Celebration,* a rich selection of previously published work, as well as five previously uncollected essays. This year marks an even greater celebration. On December 21, 1982, Dame Rebecca turns ninety. (That is the date given in a publicity release, although she herself, in *Who's Who,* prefers to give Christmas as her birthday.) Those years give her an extraordinary, almost mythic, range of memory. Few survive so long, and even more rarely those who have played such a prominent role.

The first piece in Jane Marcus's collection was published just before West's nineteenth birthday; her rumination on 1900 is appearing some months before her ninetieth. In between there have been novels, essays, books of criticism, political commentary—an extraordinary outpouring. Profound gratitude is due to her and to Jane Marcus for making available her early essays and journalism; it is striking how consistent she has been in her concerns and style—she is now just as militant in the defense of good sense and feminism. Jane Marcus does have a wish to depict her heroes, whether Virginia Woolf or Rebecca West, as feminists and socialists as militant as she is herself, and this is evident in the powerful, if rather hortatory, prose of her comments about West (and elsewhere about Woolf). In *The Young Rebecca* we have the wide range of West's activities, even in her youth—writing in the suffragist paper, *The Freewoman,* Robert Blatchford's socialist *Clarion,* and A. G. Gardiner's Liberal *Daily News.* West is a tough, unsentimental participator, commentator, and witness (as she appeared gloriously in *Reds*) to the events of this century.

As she is richly entitled to do, she has written *1900,* a more idiosyncratic essay than those of her youth. It is a commentary on the year, mostly but far from exclusively confined to England. There is quite a long section on France, with particular reference to Proust and to the Dreyfus case, and there are remarks about the United States and photographs of black construction workers, a black about to be electrocuted, a house upturned by a tidal wave in Galveston, Texas, in the autumn of 1900, and a train crossing the Dale Creek Bridge somewhere in the United States, but little discussion of the significance of these images. There is a photograph of Freud with his son Ernest in 1900 and of the *Urcouch* in Berggasse 19, but little about Freud in the text.

1900 appears to be a description of the events that were to shape West—whether she was fully aware of them or not, in the year 1900, when she turned eight. 1900 not only marked the death of the nineteenth century but brings to her mind other significant deaths. She permits herself to go two years backwards—and the most delightful bits are those on her childhood. (One hopes that it is true that she is writing her autobiography.) There is a wonderful picture of her being fed blackberries by her sisters and cousins at the age of six; the lovely suburban life of Richmond-on-Thames. The book opens with the death of Gladstone, whose passing West's father bemoaned: "Gladstone looked like the stern and wise and honored father everybody would like to have. Where are we to find another like that? It does not matter on which side he is. Things are better for a country when they have an elder statesman who looks as if he could save one from any sort of drowning." West herself says about the

PETER STANSKY, chairman of the history department at Stanford, is the author of a study of Gladstone recently published by Norton.

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significance of Gladstone's death, "Since 1900 we have had no certainty at any time that there was somebody who would take care of us. We were going to have to look after ourselves."

Toward the end of the book, she discusses Queen Victoria, with whose death in January 1901 the nineteenth century was indubitably over. "We wondered how she kept going on forever, and it served us right that in the end we had to mourn the loss of an old woman who had to die just as if she were a commoner. We also grieved because the element of continuity, the promise that life would never stop, did not seem quite such a firm guarantee. She had to die, nature decreed it. Nevertheless, like all the worthy dead, she made nature look something of a fool. In a mysterious way she had the last word." (Might Dame Rebecca be thinking about herself?)

Between the discussion of these deaths, West puts forth the problems that continue to plague us, that appeared to take their modern form in 1900. She sees imperialism as a ridiculous creed, and she cannot understand why Lord Milner, who did so much to bring the Boer War about, can have been so highly regarded. As her masterpiece about Yugoslavia, *Black Lamb and Grey Falcon,* demonstrates, she has great interest in other countries. But she is out of sympathy with the idea that the countries of the West need to rule elsewhere, although she recognizes the economic pressure, the lust for gold, that led the British to want to dominate the Boers.

THIS BOOK RECALLS the themes that would dominate West's life and writing, the many novels and books of criticism she has written as the century progressed, if that is the word. She has always been a feminist, and in a recent television broadcast pointed out that Tories are likely to turn on Margaret Thatcher because she is a woman. In 1912 she depicted the domestic sphere as "the most elementary form of labor. It is suitable for those with the intelligence of rabbits." Now her attitude toward it is more complicated, and she remarks in *1900* that perhaps some flee it because it is too exciting. Jane Marcus writes, "The young Rebecca West stood for revolution, free love, equal pay, the working class, votes for women, and the most advanced ideas in literature." The older Rebecca West is more cynical, or if you prefer, realistic. As she remarks about many women's lack of success in searching for a perfect mate: "There are several reasons for this. One is that men and women do not really like each other very much; others are that there are more women whom men find attractive than men whom women find attractive."

She is fully aware of the power of sexuality; and she has continued to be intensely sensible about it. In her earlier days, she took great issue with the Pankhursts; she followed them politically in their agitation for votes for women, but not in their increasingly extreme antimale view—that all men were by nature "immoral." She recognized the right of women to be as "immoral" as they might wish. She also seems to be rather fascinated by male homosexuality, its strength in English life through the worship in education of the Greeks, and its ability to flourish, despite repressive legislation, as long as it did not go too public, as in Wilde's case. She deeply bemoans his persecution: "He should have been put by the fates on a list of endangered species, not to be hunted like the rest of us human game, for in *The Importance of Being Earnest* he had written the only great comedy which had graced the English stage since Congreve's day."

She does enjoy casting the prominent as butlers. In *The Young Rebecca* she puts the prime minister of the time, Asquith, in that role, and in *1900* she discusses Henry James (about whom she wrote her first book in 1916) and John Singer Sargent, both of whom she admires greatly, as butlers to the English rich. She writes amusingly about James (and she is also very funny about William's unbelievably nasty attitude toward his brother). "Henry James was, it must be owned, like loud and ill-played church music in his snobbery. When Lord and Lady Rosebery had put him up for a weekend, his bread and butter letters could have been arranged for the organ as a substitute for the Magnificat. But we cannot do without him; he diagnosed the world's sickness, though that hardly excuses the too pliant knee of his nature. A great, great genius."

Her real name is Cicily Fairfield; she adopted Rebecca West as a pen

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name from the heroine in Ibsen's *Rosmersholm*. She has somewhat the same class origins—financially insecure "upper lower middle"—as George Orwell. She is like him in that her writing name has completely taken over her real name, although, like Orwell, she has not, as far as I know, changed her name legally. She also shares with Orwell a healthy rage, or a generous anger, as Orwell said of Dickens, or as Marcus quotes West: "A strong hatred is the best lamp to bear in our hands as we go over the dark places of life, cutting away the dead things men tell us to revere." She shares with Orwell a radicalism that owes more to upper-class traditions of obligation than to Marxism. In *1900* she says that the most important event of the year was the founding of the Labour Party. She explains not by reference to the class war or other theory but in words of moral concern and caring. "The truth is that the English went forward into the twentieth century certain of only one thing: They wanted nobody to be poor. And this was the obscure conclusion of an obscure train of thought that had started in the Boer War." West argues that the unnecessary deaths of the war resulted in a deep feeling of guilt and led to a reversal of values (but it did not come to fruition soon enough to prevent the deaths of the First World War).

The book ends with Max Planck, Einstein, Max Born, and the story of Mrs. Born going to Germany after the Second World War to give a lecture on the greatness of British democracy, but unfortunately it couldn't be delivered because her luggage was stolen at King's Cross Station in London. This is an example of what West calls "the Observer, destiny, whatever you call it, cock[ing] a snook at life." *1900* does that, with lots of gusto. At the same time, survivors are able to bring the past back to us, both as having experienced its details—so one has a rich picture of the particular—and also through infusing it with significance. This long, loose, intensely personal essay tells us much about our century and Rebecca West. ▣

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Poltergeist! A Study in Destructive Haunting, by Colin Wilson. G. P. Putnam's Sons, 382 pp., $14.95.

Boo!

MARTIN GARDNER

THE SEVENTIES' OBSESsion with the occult, not just in the United States but also in most countries around the world, is still producing addlepated books, but none more addlepated than those of England's Colin Wilson. This is something of a tragedy because Wilson is an intelligent, nimble writer who at one time had before him the promise of a brilliant career.

In the mid-fifties, when he was twenty-four, Wilson burst on the literary scene with a best-selling book called *The Outsider*. Prominent critics hailed him as a major writer, and Wilson himself declared: "I am as conceited and as certain of my future importance as Shaw . . . and may as well be regarded as a young prodigy now as a centurian prodigy in seventy-five years." His book's theme was as bold as it was simple. An "outsider" is a person of religious insight who refuses to affiliate with any established church, yet is unable to accept the secular humanism of modern science. Alienated from his culture, a social misfit, he searches desperately for a new religious faith. The book was subtitled: *An Inquiry into the Nature and Sickness of Mankind in the Mid-Twentieth Century*.

More than ten years ago, while exploring the steamy jungles of the paranormal, Wilson found the faith he was seeking. His 600-page work, *The Occult*, covered every aspect of the topic from ancient times to Wilhelm Reich's orgone energy and the ability of Ted Serios, a Chicago bellhop, to project thought-pictures onto Polaroid film. Wilson bought it all. With unparalleled egotism and scientific ignorance he believed almost everything he read about the paranormal, no matter how outrageous. Nothing by believers escaped his notice, nothing by skeptics held his attention. *The Occult*, he once told me, outsold all his many previous books put together. A 1978 sequel, *Mysteries* (667 pages!), was more of the same. He edited the twenty volumes of a lurid, worthless set called *A New Library of the Supernatural*. His own contribution to this series, *The Geller Phenomenon*, is surely the most gullible book ever written about the Israeli charlatan, now thoroughly discredited in the eyes of almost everybody except Wilson.

Now comes his latest potboiler, *Poltergeist!*, in which he discloses once again that colossal narcissism which renders him incapable of learning from others wiser than he, or of doubting his own ability to evaluate paranormal claims. Before ending page two we have been introduced to a young lady who could see through her nose and left ear, another who smelled with her chin, others who heard with their elbows and read books with their stomach. One woman, we are solemnly told, looked into her intestines and counted thirty-three worms. Later "she excreted precisely this number." Wilson wasn't there to count them, but he trusts the person who did. Mediums float about rooms. They levitate massive tables. Geller is back, still bending his spoons. The book's pages swarm with dreary ghosts and demons, all as real to Wilson as elephants. Because ghosts usually look like solid people, he informs us, "it is probable that most people have at some time seen a ghost without realizing it."

In the chapter on fairies, Wilson not only thinks they exist but he tells once again, with nary a hint of humor, the story of the two little girls at Cottingley whose photographs of the wee folk persuaded Conan Doyle to write his hilarious monograph about them. I have been chastised by some readers of my recent book, *Science: Good, Bad and Bogus*, for including a chapter on the Cottingley photographs, on the grounds that everybody now knows they were faked. Not Wilson. What about the discovery four years ago that some fairies in the photos had been

MARTIN GARDNER, who wrote a column in Scientific American *for many years, is the author of* Science: Good, Bad and Bogus. *He is presently completing a book of philosophical essays.*

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copied line-for-line from an illustration in a 1915 book? I read Wilson's chapter with mounting suspense, wondering how he would handle this "smoking gun." His technique was masterful. He never mentioned it.

One might have thought that psychic surgery would be too far out even for Wilson, but this is to overestimate his acuity. He tells how Edivaldo, a Brazilian psychic surgeon, ripped open a man's stomach, exposing his entrails "sloshing around in blood." A few seconds later, all is "neat and tidy," and the man gets up and goes home. Wilson buys this because did not his good friend Guy Playfair, another hack writer on the occult, see it with his own eyes? Naturally Wilson made no effort to check with his New Jersey acquaintance, the magician Randi, who could have explained exactly how this dramatic trick is done with the aid of a transparent membrane like Saran wrap, but it's just as well because Wilson never believes anything magicians try to tell him. When Playfair himself was operated on by Edivaldo, he told Wilson he could feel the "surgeon's" hands descend into his belly "with a distinct plop," but no pain. This failed to cure Playfair's stomach complaint, though it was "considerably eased."

Although Wilson rambles all over the psychic landscape, most of his book focuses on dwellings haunted by destructive poltergeists. After combing the literature on such phenomena, finding thousands of "authenticated" cases, he retells some of the classic horror tales as if he were describing events that no one but an ignoramus could dispute. There is almost always a neurotic teenager, usually a girl, living in the haunted house, but the theory that she could be producing the manifestations by clever tricks is beneath Wilson's contempt. Yes, the girl may at times throw things, but that is because the poltergeist is compelling her to.

Wilson freely admits that tables and chairs cannot fly across a room unless propelled by far stronger forces than those conjured up by psychics who bend cutlery and slide little plastic pill-bottles. From where do poltergeists get this awesome energy? Not until page 170 is the dark secret revealed. It comes from the ground. Wilson modestly allows that he doesn't know exactly what this "peculiar force" is, but he suspects it is electrical because dowsers often experience a tingling in their hands. Both Wilson and his wife have become excellent dowsers, and they themselves have felt the mysterious force tug on their dowsing rods. The force obviously is *very* peculiar because it can make bottles alter their course in midair and even go through solid walls.

What about the popular conjecture by parapsychologists that poltergeist phenomena are the result of RSPK (recurrent spontaneous psychokinesis) generated by the omnipresent teenager? Wilson reluctantly rejects this theory. The evidence that an actual "earth-bound spirit" is present in the house is just too overwhelming. In fact, Wilson says, it is as "positively established" as the existence of the duck-billed platypus. You'd never guess what bothers him most. Why is it that these low-order spirits never kill anyone? They can hurl heavy wardrobes that miss people by a fraction of an inch, and they can start fires, but for some strange reason nobody is ever seriously injured. "Is there some sort of psychic law that prevents poltergeists from being more destructive?"

Wilson's answer, in his final chapter, is that the poltergeist has "only the most rudimentary powers of reason. It may be mischievous, but it is not evil. . . . Where evil is concerned, human beings have a monopoly." On this profound philosophical note the crazy book ends.

THE CENTRAL NOTION behind Wilson's "phenomenological existentialism," as he pompously calls it, is that each of us has multiple personalities. Our lowest self is the unconscious mind. Above the conscious self rises a "ladder" of superconscious selves, a concept Wilson discusses at length in *Mysteries*. It is on these higher rungs that we are capable of such paranormal powers as telepathy, clairvoyance, psychokinesis, precognition, out-of-body travel, and so on. History is the slow perfection of these talents as we evolve through successive reincarnations into gods.

Now in his fifties, Wilson hasn't yet made much progress toward godhood, but he *has* learned how to dowse, and there are all those future lives to look forward to. Is there any likelihood that before he shuffles out of his present body he will fulfill his youthful dream of being respected, like George Bernard Shaw, as a prodigy of old age? This was a bright prospect until Wilson blew it. The former boy wonder, tall and handsome in his turtleneck sweater, has now decayed into one of those amiable occult eccentrics for which the land of Conan Doyle is noted. They prowl comically about the lunatic fringes of science, looking for ever more sensational wonders, and scribbling ever more boring books about them for shameless publishers to feed to hungry readers as long as the boom in occultism lasts. ■

LYNN DAVID HUBSCH

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American Scene

Double deterrence

ROBERT S. MOYER

WASHINGTON, NOVEMBER 30, 1981. At a news briefing this morning, a Defense Department spokesman announced the development of a new $6.5 billion weapon system, to be called "D&D."

"The guts of the new missile," said the spokesman, "is a pair of fifty megaton hydrogen bombs. The first bomb detonates on impact and merely deals a deadly blow. The second bomb explodes only after everyone is dead. It is specifically designed to dismember. So we call it D&D (dead and dismembered)."

The spokesman noted the acronym was a "play on words" because it also stands for "Double Deterrent," a direct reference to the psychological heart of the new weapon.

"Although the Russians didn't realize it at the time, single deterrents—weapons guaranteed only to kill the enemy—became obsolete about five years ago," said the Defense man. "Once we got the hardware necessary to kill every available enemy, how could we expect additional growth in credible deterrent capacity.?"

"Single deterrence certainly does sound outmoded," mumbled the *Washington Post* reporter.

"Wait a minute," said the *Women's Wear Daily* reporter. "When you're dead you're dead; anything beyond that would seem . . . superfluous."

"Are you suggesting," said the *Time* reporter, "a deterrence gap?"

"Yes."

"You seem to be saying our deterrence credibility is seriously eroded," said the *Post* reporter. "The Soviets have devised a new deterrent and can deter us more than we can deter them. If single deterrence is passé, then we've got to come up with a new deterrent before they do."

"That's what we're announcing today," said the spokesman.

"But isn't there some way you could salvage single deterrence so you wouldn't have to abandon all that expensive equipment?" said a reporter from the *Economist*.

"Actually we examined that possibility before we adopted D&D. Let me give you a quick rundown. One plan was to extend the life of single deterrence, for at least another few years, by increasing the population of the USSR. Naturally, if they had more people we could no longer kill them all with just the missiles at hand. That would mean we would again be able to increase our single-deterrence credibility by building more missiles.

"Several methods for creating this Russian baby boom were considered, including beaming antiabortion ads to the Soviet Union over the Voice of America, cutting off the flow of infant formula to the Caucasus, etc. But the best idea was the brain-child of a young, Libyan-educated CIA agent, and involved large-scale theft of Soviet intrauterine devices. The plan got as far as acquiring an acronym, but was killed because of general agreement at Defense that even seasoned agents would be unable to remove the devices, once they were in place, without arousing Soviet suspicions. We also realized that if the Russians got wind of the plot they could mount a kind of shell game which would make our agents' heads spin."

The spokesman next explained that Double Deterrence was psychologically quite simple, but from a technical standpoint it represented quite a challenge. "Since both bombs will be in one warhead, exploding the first bomb (which will kill everyone in the area) might *prematurely* detonate the second one. If this were to happen, the second bomb might dismember *before* the first bomb had completely accomplished its objective. This kind of reprioritizing obviously weakens the threat of Double Deterrence, since dismembered people will quickly die anyway from natural causes—they wouldn't need us to finish the job. In other words, premature detonation would make the second bomb (which in this context is of course the first bomb) redundant and land us back on square one—single deterrence. The solution to this potential problem is to encase the second bomb in a ball of reinforced steel and concrete approximately forty feet in diameter."

Under persistent questioning, the Pentagon spokesman estimated that each adequately encased D&D warhead would require a launching pad "about the size of the Houston Astrodome," but defended the expenditure required to build such launching pads as "vital to the nation's security."

"After all," he said, "how in God's name can we hope to doubly-deter the Soviets if they aren't even convinced that we can launch our D&Ds?"

When asked if any professional psychologists or Kremlinologists had been consulted about the psychological value of double deterrence, he replied: "The president summed up our attitude toward psychologists pretty well when he told Congress that psychology was of dubious value and therefore not deserving of research support. Besides, straight psychology isn't even involved here since it consists almost entirely of abstract theories dreamed up by airheads. What we're really dealing with is Technopsychology, in this case how warheads impact on behavior. And as any fool can tell you, that kind of deterrence *works* because it packs a wallop and the Russians know it!"

The question concerning Kremlinologists, he said, was more germane, but he thought that as the post of U.S. ambassador to Russia had recently been filled after a nine-month vacancy, "we probably ought to let the new ambassador settle in before bombarding him with hypotheticals."

The spokesman cheerfully fielded the remaining questions. But when pressed for an exact definition of "dismemberment," he appeared evasive, saying only that the body parts would be "scattered to the four winds."

The briefing ended amicably when the spokesman read a statement written by the secretary of defense: "It is our firm belief that the Double Deterrence plan we are announcing today will greatly enhance the strength of our negotiating posture and thereby bring us several steps closer to disarmament and eternal peace." ■

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Film

Annie, directed by John Huston.

One smart brat

STEPHEN HARVEY

*IF "ANNIE" WERE MERE*ly the saga of a capering comic-strip cutie, inflated into a gargantuan gumdrop of a live-action musical, reviewing it would be almost pointless. Either you are susceptible to this sort of thing or it nauseates you. By the time its stellar sunbeam scrunches up her freckled puss into a facsimile of rapture and croons, "I love you, Daddy Warbucks" to her bald and burly protector at the finale, millions of folks will be glowing with satisfaction at all that greeting-card sentiment. Others will be prompted to deliciously irreverent musings about that post-fadeout epilogue we'll never see, in which nimble tot fingers work their way down a Brooks Brothers paunch toward Daddy's platinum-plated zipper. . . . If there ever was a movie destined to sift out the push-overs from the perverse, this is the one.

But *Annie* isn't just the biggest little package of escapism ever hurled at the Family of Man; it's also a six-ton Claes Oldenburg Big Snack tarted up with every chemical additive and artificial preservative in the General Foods lab. I don't think there's ever been a movie musical so wise to the potency of its salable ingredients as an allegory of the American Spirit. With a wink like the curtain descending at Radio City Music Hall, *Annie* showcases our very own archetype of hope, pluck, self-confidence, individualism, and charity. In its false-front Depression landscape, it's a hard-luck life (to quote an *Annie* song title), until flinty plutocrats and a benign ikon of federalism—no less than FDR himself, played as usual by Edward Herrmann—join forces to guarantee a more harmonious "Tomorrow," as is every American's birthright (all out for the Ringling Bros.' Fourth of July Number!). The blatancy of this pitch may be a mite vulgar, but the soullessness with which it's offered up is really unspeakable, because not a frame of this film betrays even a hint of conviction in the recycled myths *Annie* wants to sell. Goodness and optimism are only the pitch; the message is that you can

sucker the consumer into swallowing anything that looks palatable, has a sweet, crunchy texture, and goes down easily. If effort were all, *Annie* wouldn't be a cheat—all those artistes and artisans toil away like assembly-line clones to make sure it will chug along with dutiful industry. If it's sincere about anything, *Annie* is a testament to that most deeply rooted of our national legends, that if you work hard enough at something, whatever it is and whether you believe in it or not, you're bound to get your financial deserts in the end.

On a project like this, aimed at the broadest and blandest taste and armed with a megaton budget, any original note would be a liability. Everything should be familiar enough not to set off any disturbing reverberations, but spiked with just enough novel variations to give it the illusion of freshness, and speeded along with a pacemaker tempo, as a plausible counterfeit for real vitality. On stage, *Annie* was a kind of pygmy *Mame,* replete with the same locale and time frame, the same bright-and-sunny philosophy, and jingles guaranteed to stick to the brain like Spearmint to the heel; the similarities held down to the nearly identical choral paean to its titular personality-kid, who's made the concrete bloom and the solar system spin. On screen, *Annie* is like two hours trapped in a theme park without emergency exits, as we shuttle without respite between the Orphanage Fun House and the Daddy Warbucks Pavilion. The screenplay is constructed out of remembered hunks from three or four Shirley Temple movies, bloated into a more efficient replica of such deballed white-elephant musicals of the late sixties as *Doctor Dolittle* and *Hello, Dolly!* Like its predecessors, *Annie* dispenses Fun on such a cataclysmic scale that the mood is both desperate and zombified, as if all that enjoyment would be contaminated by any visible contact with mere human beings. If the score ever did have any spirit, the grandiosity of the orchestrations and the overpopulated mass of the offscreen chorus would have been enough to turn it into sanitized sludge. The sound has been so stereophonically tinkered with throughout that the individual amplified voices, much less the emotions they're supposed to express, never have any discernible connection to the prancing performers gamely moving their lips in unison to the prerecorded lyrics. The sets, from a hyperanimated slum street to Warbucks's marble-paved principality, are as sterile as they are elaborate, and the movie seems paralyzed whenever it's forced to penetrate beyond the studio walls into the outside world; a sequence shot at the real Radio City Music Hall looks like it was photographed with a recalled Polaroid during a dim-out. Whenever the filmmakers have things under control, they manage to bathe every image in the same flat, blinding bright-for-happiness illumination—even the evil Miss Hannigan's urchin sweatshop, a feat that manages to extract the last trace of tension from the plot. Of course, family musicals aren't supposed to be depressing for an instant,

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but this orphanage looks like such a jolly place, with all those pint-sized triple-threat entertainers doing cartwheels in the mess hall and whooshing down the banister, that it makes Annie look a tad warped for wanting to skip out to shack up on her lonesome with Daddy Warbucks. (At least the workhouse in *Oliver!* had a fearsome air of storybook squalor—you understood why the kid would find Fagin's lair a distinct improvement over that.) The mansion of Annie's benefactor is supposed to be a kiddie wonderland, but the robot cheer of the welcoming committee that greets her—a few dozen dancers in servants' clothes and painted-doll grins, kicking their knees up to their rib cages in unison—would be enough to scare the wits out of any bona fide kid.

But not Aileen "Annie" Quinn, who receives it all with the aplomb of a baby empress reviewing her colonial troops. You're supposed to think it's particularly darling when Quinn does an audition of breathless perkiness to convince Warbucks's secretary to take her in, but the scene scarcely stands out, because this little pro knows how to push the merchandise every moment the camera is trained on her. That stentorian alto knows how to sell a song with fiendish efficiency, and with a tilt to her noggin, Quinn crinkles her eyes into an irresistible pixie grin so often your face hurts for her. The plot dictates that every grown-up in the movie (save Miss Hannigan, her brother Rooster, and his tawdry girlfriend, who are all beyond help) succumb in a thrice to her untutored sparkle and winsomeness. Yet whenever Albert Finney's Warbucks aims one of his intimidating stares at the freckled charmer who's transformed his life, the look on his face is more stoic than anything else. Who could blame him?—this is a child only an agent could love.

With an assembly of musical-comedy champions in supporting roles, *Annie* might at least have offered the fringe benefit of displaying their gifts whenever our tot could be persuaded to get out of camera range. But these performers are just the most supple objects in the movie's inventory of props; the only emotion most of the numbers evoke is marvel at how well-rehearsed they clearly are, as you watch these game actors maneuver through a maze of backdrops and a slither of camera movements to hit their marks. Ann Reinking, Warbucks's lovelorn gal Friday, is the most limber, sensuous dancer the movies have known since Cyd Charisse, but the part is a sexless cipher, and as she leaps her way through a banal ditty called "Let's Go to the Movies" she's just something for the lens to focus on as it tracks past acres of mirrors and hallways. Carol Burnett's mean lush with the droopy beestung lips and ratty marcelled wig is simply a protracted retread of one of her variety-show vignettes, slightly the worse for overuse. As her cohorts in farcical villainy, Tim Curry and Bernadette Peters have just opportunity enough to flash promos of their respective specialties—his dissolute sub-Jagger sneer, and her bemused brand of Boop-Boop-A-Doop. When this trio joins forces for the "Easy Street" routine, you long for them to break through with some authentic show-biz excitement, but they're continually upstaged by hokey gags (Burnett banging into a wall twice too often for mirth), cramped, fussy choreography, and disruptive editing of the sequence. The only musical moment with any real verve is a smooth parody of a thirties radio show, because for once John Huston's diligent crew overcomes its fear of stasis long enough to settle down and let the number generate its own fizz.

But I'll bet the *Annie* team was proudest of its final extravaganza as the flashiest and trickiest to engineer, what with all those fireworks and jugglers and menagerie animals cluttering up the New Jersey college campus camouflaged as the Warbucks abode on Fifth Avenue. It isn't enjoyable to watch—just patently so expensive to mount and complicated to execute that maybe the hope was that the audience could be daunted into having a good time. As with everything else in this movie, no creative mastermind was needed to orchestrate these last carnival high-jinks—an efficient ringleader would have done the trick. You could scarcely expect the man who directed *The Maltese Falcon* and *The Treasure of Sierra Madre* and *The Man Who Would Be King* to have any affinity for this material. All he can muster is the serene professionalism he's acquired over forty years of filmmaking, guaranteeing that the caravan of production values wouldn't bog down into gridlock an instant before the end title credits. Actually, Huston's most valuable function on *Annie* was fulfilled the moment he signed onto the project. Seconded by a roster of performers associated with better things, his presence assured that the screen *Annie* would look like a class package as well as mammoth crowd-pleaser. This is a $50 million sideshow with more than whimsy for sale. It's out there touting worthiness and integrity in the bargain—the profits from the film's nationwide premiere have been earmarked to benefit PBS, which has graciously reciprocated by plugging its benefactor during those "noncommercial" intervals between the likes of "Nova" and "Masterpiece Theatre." In fact, everybody should be overjoyed by this supply-side entertainment machine except for those few spoilsports who don't like unsinkable juggernauts masquerading as carefree effervescence. As a movie *Annie* may be the most synthetic of products, but in the realm of pretested mass-hypnotizing savvy, this is a work of genius. ■

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Capitol Offenses

The levers of power

For many years, the central political debate in America has occurred within a narrow philosophical and policy spectrum. Fundamental alternatives are rarely at issue—merely marginal adjustments to the status quo.

For the past four and a half years, *INQUIRY* has challenged the traditional assumptions and attitudes of America's governing paradigm. Glenn Garvin ably served at *INQUIRY* for three of those years, first as associate editor, and then as editor, asking the questions others did not.

With Glenn's moving on, and my moving from the Reagan administration to *INQUIRY*, the magazine will continue to work to build an alternative framework for the American policy debate. Indeed, at no time has such an alternative been so important.

Take the issue of national defense, for example. The president, who has repeatedly declared that throwing money at problems doesn't solve them, is doing precisely that on defense—throwing money at the Pentagon (burying it may be more accurate).

The administration has budgeted $1.6 trillion for defense spending over the next five years—an amount of money no bureaucracy could spend efficiently, even if its policy were correct. Yet defense planners recently testified that without an additional $750 billion over the same period, the military may be unable to carry out Reagan's objectives.

One would think the defense debate would focus on what objectives could conceivably warrant spending $2.35 trillion. But instead of discussing who the United States should and needs to defend, and which "strategic" points across the globe are critical, most analysts discuss building different weapons and improving the procurement process.

The administration doesn't even want to talk about that. Both the president and the secretary of defense have denounced even marginal cuts in the growth of defense spending, and argued that the administration's program must be adopted: the president because, after all, he's the only one who knows all the facts, and the defense secretary because, after all, up to 350,000 jobs could be "lost" from cuts.

America's defense buildup is accompanied by more than a tinge of hypocrisy. The United States has been accusing the Sandinista regime in Nicaragua, which triumphed over the U.S.-backed Somoza regime, of unnecessarily building up its military, as we build up our own, and of plotting intervention throughout Central America, as we refuse to rule out intervention in Central America.

Similarly, look at the budget battle. When the Americans for Democratic Action recently held its annual convention, president Robert Drinan complained that "Reagan wants to wipe us all out." Wipe the liberals out? With proposed federal budgets exceeding $700 billion? With successive deficits in excess of $100 billion? With a proposed $3.4 billion bailout of the housing industry? With talk of multi-billion-dollar tax increases? Wipe the liberals out?!

The problem is, Robert Drinan is greedy. As a representative of a constituency of tax consumers, Drinan leaps to the barricades over any proposed cut, however small. It's as though every dollar that every taxpayer earns should be Drinan's to spend.

An example of tax-consumer hysteria is the federal student loan program, which not only redistributes money from taxpayers to students, but also from the poor to the middle-class and wealthy. The Reagan administration's mild cuts led Carl Rowan, a member of the *Washington Post* chorus line for federal spending, to accuse the old of "robbing" the young, and of making it "difficult if not impossible" for Americans to get the best education available. College presidents, historically in the forefront of the tax-consumer ranks, patriotically trooped to Washington to denounce the cuts as "catastrophic." Elisa Blake, president of Atlanta's Clark College, selflessly testified before Congress that the quality of American education is also an element of national security, since "national defense is not made up of just bombs and planes."

Unfortunately, fundamental alternatives are lost in these budget battles. The typical Washington equation is quite simple: taxing plus spending equals compassion.

Does it matter that people, whether rich or poor, have a moral right to their own justly gained earnings? Is it important that programs for the "poor" often only incidentally benefit the "poor," while funding America's welfare industry? And that the poor are often locked in poverty because of perverse government taxation and regulation, including licensing laws, the minimum wage, the Davis-Bacon Act, building codes, and zoning restrictions?

Apparently not—not, for example, to Senator Patrick Leahy, who contends that food-stamp cuts mean Reagan is "turning his back on the poor and elderly," or to Representative Richard Ottinger, who argues that energy-assistance cuts mean that elderly and low-income Americans have been declared "to be enemies of economic recovery." Easy, even demagogic words, which never once challenge the fundamental assumptions of the welfare state.

Yet how does the administration respond to these critics? It says (accurately) that it really hasn't cut spending. It tells us how many people still are covered by federal programs, and how many government checks still are being sent out.

Finally, the traditional political debate is also failing in the area of civil liberties, particularly First Amendment issues, which Nat Hentoff so eloquently covers in these pages. Some conservatives have traditionally sought to ban books that didn't meet their standards of morality and decency from schools and libraries. Now it is some liberals who oppose freedom of choice and diversity, seeking to ban books for being sexist, or, in the case of *The Adventures of Huckleberry Finn*, racist.

Conservatives and liberals will continue to struggle over which levers of government power to push and pull, and it is this struggle that *INQUIRY* will continue to cover, while at the same time offering our own alternative insights into American politics and policy.

—DOUG BANDOW

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THE FASTEST GROWING CHURCH IN THE WORLD

by Brother Keith E. L'Hommedieu, D.D.

It's quite safe to say that of all the organized religious sects on the current scene, one church in particular stands above all in its unique approach to religion. The Universal Life Church is the only organized church in the world with no traditional religious doctrine. In the words of Kirby J. Hensley, founder, "The ULC only believes in what is right, and that all people have the right to determine what beliefs are right for them, as long as they do not interfere with the rights of others."

Reverend Hensley is the leader of the worldwide Universal Life Church with a membership now exceeding 11 million ordained ministers of all religious beliefs. Reverend Hensley started the church in his garage by ordaining ministers by mail. During the 1960's, he traveled all across the country appearing at college rallies held in his honor where he would perform mass ordinations of thousands of people at a time. These new ministers were then exempt from being inducted into the armed forces during the undeclared Vietnam war.

In 1966 Reverend Hensley was fighting the establishment on another front. The IRS tried to claim the ULC wasn't a legal church and proceeded to impound the ten thousand dollars in the church bank account. The feisty Hensley filed suit against the IRS in federal district court for return of the funds and to permanently establish the ULC as a legal tax exempt entity. On March 1, 1974 Judge James F. Battin ruled against the IRS in his decision which stated, "Neither this court or any branch of this government will consider the merits or fallacies of a religion. Nor will the court praise or condemn a religion. Were the court to do so, it would impinge upon the guarantees of the First Amendment." The judge then ordered the IRS to return the impounded money and to grant the Universal Life Church its tax exempt status.

Reverend Hensley has stated that he believes a church is people and not just a fancy building. He also believes in total freedom and equality for all people. The ULC will ordain anyone without regard to religious beliefs, race, nationality, sex or age.

The ULC's success formula is both effective and unquestionably legal. After a person has become an ordained minister, he or she can join with two other people and form their own Universal Life Church. These three people then make up the Board of Directors consisting of a Pastor, a Secretary and a Treasurer. The ULC will then grant the group the use of its legal church charter complete with both federal and state tax exempt numbers. The newly formed church may then open a bank account in the church's name. Any member of the church can legally donate up to 50% of his or her outside income to the church and take a corresponding tax deduction. The church in turn can pay the complete housing cost of its minister including rent or mortgage payment, insurance, taxes, furnishings and repairs. The church can also provide the minister with full use of an automobile as well as pay for travel and educational expenses. None of these expenses are reported as income to the IRS. Recently a whole town in Hardenburg, New York became Universal Life ministers and turned their homes into religious retreats and monasteries thereby relieving themselves of property taxes, at least until the state tries to figure out what to do.

Brother L'Hommedieu is Chairman of the Board of Trustees of the Sacerdotal Order of the Universal Life and serves on the Board of Directors of the International Universal Life Church, Inc.

Churches enjoy certain other tax benefits over the common man on the street. For instance, a church can legally buy and sell real estate or stocks and bonds completely tax free. It can receive tax free income from bank deposits or mortgages. Many churches own large publishing, recording, or other related businesses like hospitals, clinics and schools without paying any income tax.

A church can sponsor any kind of fund raising event such as a concert, play or even bingo. Churches are also exempt from paying inheritance taxes. When the pastor of the church dies, the Board of Directors simply appoints a new pastor and the church goes on.

Reverend Hensley has stated that he personally doesn't believe in the tax exempt status of churches. However, if the government is going to give a free ride to Billy Graham and the Pope, then why not let everybody participate in these blessings. Furthermore, he backs his words up by offering to defend in court the tax exempt status of his congregations.

Since the church was founded in 1962, it has attracted members who are movie and TV personalities, businessmen, government officials, lawyers, and doctors as well as all types of regular working people. During the last 15 years the Universal Life church has blossomed into a full blown grass roots populace movement. Reverend Hensley is ordaining ten thousand new ministers a week and predicts that the church will have over 20,000,000 members by the early 1980's. In addition, requests for interviews and TV appearances continue to pour in.

Anyone who is a member of the ULC will tell you that the ULC is destined to change the world. By unifying mankind into a brotherhood of freedom orientated individuals, each respecting the other's right to live life as they see fit, the Universal Life Church hopes to put an end to all wars. Reverend Hensley admits that this is a pretty monumental task to accomplish, but he also points out that he is already well on the way to reaching his goal.

Rev. Hensley invites all those interested in becoming an ordained minister and receiving complete information and Minister's Credentials, to send a 10^{00} tax deductible donation to the Universal Life Church, 1335 Seabright Ave., Dept. 311, Santa Cruz, CA 95062

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